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ABSTRACT

The purpose of this seminar was to give members of the Canadian Teachers' Federation a better understanding of the educational budgetary process. The proceedings of the seminar included welcoming remarks by Russell D. Mosher followed by two addresses--"The Political Context of Budgeting" by Dr. Peter Atherton and "Resource Allocation in the Public Sector: Rationality of the Decision-Making Process" by Dr. Ralph Benson. Reports of the chairmen of group discussions include "Changing the Parameters of Provincial Financial Support" by Dr. Murray Jampolsky, "Reappraisal of the System of Teacher Remuneration" by Dan McArthur, and "Higher Degree of Local Decision-Making in Resource Allocation" by Bruce Watson. Presentations were made by a panel made up of Susyn Borer, Ken E. Gilliss, and Norman Ornes on the topic of "Teacher Involvement in the Budgetary Process." Question and discussion sessions are also presented in the document. (JM)

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SEMINAR ON FINANCING EDUCATION:

THE BUDGETARY PROCESS UNDER PRESSURE

Proceedings of a Seminar
Held at
The Skyline Hotel
Ottawa, Ontario
March 1-2, 1976

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INTRODUCTION

The CTF Advisory Committee on the Economics of Education for 1975-76 recommended and the CTF Board approved the holding of a small seminar for Member organizations dealing with a current issue in the financing of education.

The overriding concern of teacher organizations in all provinces was (and remains) the mood of retrenchment and austerity in the financing of elementary and secondary education. Specific aspects of this general concern included: shifting priorities between education and other public services at the provincial level and the declining importance of the Education portfolio in some provincial cabinets; the proliferation of spending for other social services under the heading of "Education"; and funding differentials between elementary-secondary and post-secondary education and between elementary and secondary education.

The purpose of the Seminar was to assist Members to a better understanding of the budgetary process used to determine which activities are to be carried on, to what degree and by what means, in the light of limited resources. Since the budgetary process for government services is, in the final analysis, essentially political, the keynote speaker, Dr. Peter atherton of Queen's University, was asked to deal with the political context of budgeting. Dr. Ralph Benson of the Ontario Ministry of Education, was asked to focus on various kinds of budgetary reform being proposed and implemented in education and, in general, to provide a government official's perspective on shifting priorities for government spending.

Following each of the two major presentations, the participants were divided into discussion groups dealing with highlights from each paper. The participants then reassembled for question and discussion sessions with the presenters. Slightly edited versions of these latter sessions are contained in this report.

The second day began with group discussions of three controversial proposals for budgetary reform originally advanced by Dr. Atherton in a presentation at the CTF National Conference on Financing Education held in Quebec City in February, 1975. Reports of the chairmen of these three concurrent sessions are reproduced in this report. The Seminar closed with a panel of three teacher representatives, each of whom dealt with a specific example of teacher involvement in the budgetary process, provincially or locally. Each panelist's formal presentation, together with slightly edited versions of the questions and discussions which followed, are included in the report.

This Seminar was one element of CTF's on-going efforts to provide its Members with opportunities to become better informed on current issues in the economics of education. Judging from replies to formal evaluation

sheets submitted by the participants, summarized in Appendix II, the Seminar met this objective. In addition, it provided the basis for the useful record contained in this report.

Wilfred J. Brown,
Director, Economic Services.

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WELCOMING REMARKS

RUSSELL D. MOSHER
CTF Acting Secretary General

Ladies and Gentlemen, it is a pleasure to be able to join you here this morning. As most of you know the Canadian Teachers' Federation has been involved in the study of the economics of education over a period of several years.

One of the outcomes of these studies has been the publication of a number of rather significant documents of which I will mention only a few. First of all, Basic Goals and the Financing of Education, The Challenge of Financing Equity, Federal Direct and Indirect Involvement in Canadian Education and the development of a CTF policy statement on the financing of education. Many of you at this Conference this morning have been very directly involved in the development of the positions enunciated in these documents.

I am very pleased to have this opportunity to express, on behalf of the CTF Officers and Directors, very sincere and deep appreciation for what you have accomplished in the past and for your continued interest as demonstrated by your presence here this morning.

I would particularly like to express thanks to Dr. Murray Jampolsky, the members of his Committee on the Economics of Education and to Dr. Wilf Brown, the Committee secretary and program coordinator for their development of and arrangements for this Conference.

Certainly there can be very little doubt today that the budgetary process is under pressure. It does not much matter which province you look to, that pressure is very, very real. It is as real in the Province of Alberta as it is in the Province of Ontario or in the Province of Prince Edward Island. If we as teachers are to have any influence on the economics of education and, in particular, on the financing of education, it is essential that we examine the pressures which are impinging on the budgetary process today. I think that it is most appropriate that our starting point be the political context of budgeting. I am not going to delay proceedings because I am sure that, like me, you are very anxiously waiting to hear from Dr. Peter Atherton who is going to kick off on this particular topic, The Political Context of Budgeting.

Again on behalf of the CTF Officers and Directors, a sincere welcome and good luck in your deliberations. We need a great deal of luck; we need a great deal of sustained deliberations and sustained representations if we are to affect the budgetary process and restore to education its rightful place in terms of priorities with respect to budgets.

One more word. I would like to express on behalf of the President of the Canadian Teachers' Federation, Ian Fife, his very personal regret at being unable to be with us today. Ian is in Montreal at a very special meeting which started off last evening and I know that he would very much like to have been with us.

Thank you Murray and good luck to you.

THE POLITICAL CONTEXT OF BUDGETING

DR. PETER ATHERTON
Coordinator of Graduate Studies and Research
Queen's University

During the course of the National Conference on Financing Education in Quebec last year, I ventured the opinion that the demand for increased rationality in budgeting was as much a function of the demand for accountability on the part of the school system as a function of the scarcity of resources. Using accountability as a departure point, I would now like to discuss the relationship between accountability and the increasing demands of the teaching profession for a share in the resource allocation process.

First of all, let me say that I do not believe that the demand of teachers for a share in the resource allocation process or the budgeting process is altogether a reaction to the constraints either of a shortage of resources in the public sector as a whole, or as a reaction to the accountability phenomenon. I see the demand for teachers for a share in the resource allocation process as a legitimate part of the growth of professionalization which, in accordance with Corwin's definition, is a drive by a group of workers for increased control over their own working conditions. Since working conditions are affected by the total level of resources allocated, it seems only natural for those working in the public sector to try to exert a significant influence on the total amount of resources to be allocated to their particular part of the public sector.

I believe educators have been very successful thus far in gaining participation in the resource allocation process since all over Canada we find increasingly that teachers are incorporating working conditions into negotiated contracts.

When contracts specify such conditions as pupil-teacher ratios, the number of resource teachers to be provided and the level of secretarial assistance to be made available, then there is very clear evidence that teachers are participating in the budgetary process. The proportion of the budget allocated in this way is, of course, in addition to the very substantial portion of the budget which is negotiated through the grid and which, to a very large extent, reflects the priorities of the education profession. The demand for accountability may, therefore, be viewed as a counteracting force to the increasing militancy of professional educators.

As a consequence, I do not think it is possible for the education profession to have an increasing share in decisions on resource allocation until they have, to some extent, met the demand for accountability. It is important, therefore, to attempt an analysis of the demand for accountability in the Canadian setting before one can attempt to discuss the possibilities and practical limits of teacher involvement in the budgetary process.

There are many ways of looking at accountability and I would prefer not to deal in terms of definitional differences, but in terms of the manifestation of the process itself. I view the demands for accountability as essentially a political process. If education were offered for sale in the market place, the problem of accountability would not arise. If the public were dissatisfied with the product or the method in which the product was being produced, it would make its displeasure felt simply by withholding its purchase of the commodity being offered for sale, or by selecting alternatives which were less displeasing to it. In the public sector, however, it is not possible to withhold one's custom, usually because there are legal penalties associated with doing so. Thus we do not refuse to send our children to a school even though we disapprove of the system because of the compulsory attendance laws, nor do we withold our taxes as a sign of disapproval. The legal penalties for doing so are normally more severe than the displeasure we feel. In the public sector we must find some other way of signalling disapproval.

The demand for accountability, then, can be viewed as one way of signalling discontent insofar as the educational system is concerned. Although the feeling of dissatisfaction is very generalized, it can only be manifested in very specific ways. Thus, we are told by some that the school system costs too much. We are told by others that it is not doing its job in preparing young people for the responsibilities of citizenship. Still others demand a move "back to the basics", or "increased freedom in the choice of electives". Although it is extremely difficult not to respond to specific criticisms of the educational system, if I am correct in assuming that the specific complaints are merely a reflection of a generalized state of dissatisfaction, then it is not clear that rational response, no matter how theoretically adequate, may meet the demand for satisfaction. Generalized dissatisfaction applied to the budgetary process normally manifests itself as a desire for control over the budget and for increased rationalization of the budgetary process.

To meet a demand for accountability, it is necessary to understand its dimensions. Although much has been written about accountability, the literature is heavily influenced by American opinion on the matter. The demand for accountability and business methods to be applied to education is a continuing tradition in American education nowhere better exemplified than in Callaghan's account of Education and the Cult of Efficiency. It is also true to say that the most recent demands for accountability have arisen largely in connection with the struggle of minority groups for equal opportunity in education.

Neither of these two factors have been particularly significant in the development of Canadian education and so one is forced to seek elsewhere for the roots of the accountability demand. Firstly, we cannot ignore the influence of American writing on the subject; however, as is not unusual in education, we are apt to look with favour on American solutions to problems even if the problems do not exist to the same extent in our own country.

Secondly, in Canada, the demand for accountability can be viewed in the context of a more generalized reaction to the much higher levels of taxation which have characterized the development of the public sector in Canada in the sixties. I shall delay discussion of the question of levels of taxation until later when I discuss the nature of the economic constraints facing revenue raising in the public sector. Perhaps more important than either of the above are two factors closely associated with the changes in the society which have manifested themselves in Canada over the course of the last fifteen to twenty years. First, there is the well-known, well-documented phenomenon of the shift from a rural population following traditional occupational patterns, to an urban society in which life styles and career patterns are not dictated by traditional patterns. Parental expectations for the role of the school, conditioned as parents have been by their own schooling, have changed, but the directions of change are met with uncertainty and confusion. To these feelings are added the reaction to a growth in the size of the system and the consequent difficulties in communication.

Spurred on by visions of economies of scale and efficiencies in administration, the last two decades have seen tremendous increases in the size of administrative units in education. Not only have the units of administration increased in size, but also the schools existing within those units. The growth in the size of administrative units and schools has been accompanied by a growth in bureaucracy which tends to make the process of communication between the schools and the public they serve extremely difficult. At the same time that the administrative structure of a school system has been increasing, there has been a growth in power of teacher organizations and a growing concept of professionalism which has served to further isolate the public from participation in the school system. A third aspect of size has been the involvement of higher levels of government in the educational process. As provincial governments have come to absorb a higher and higher proportion of the total resources required for education, so problems affecting resource allocation are tended to be decided at higher and higher levels of government. The opportunities for resolution of conflict at relatively low levels in the educational system have been profoundly affected by these factors. Thus, John Graham, in his report on Public Finance in Nova Scotia, points out that the takeover of complete educational finance in the Province of New Brunswick by the provincial government was accompanied by an increasing feeling of alienation towards the school system by the public.

An appropriate response to this aspect of accountability would be deliberate attempts to restructure school systems in such a way as to overcome the problems of bureaucratization, lack of communication, and powerlessness felt by the public. If these are the real problems of accountability, it is possible that professional educators may be on the wrong track in the attempt to meet the demands for accountability by introducing complex evaluative and reporting systems based on the specification of objectives, which may be even more difficult for the public to comprehend.

As we are all aware, there exists a wide variety of approaches which can be used to offset the breakdown in communication which often accompanies growth. Clearly, a major study of jurisdictions which have successful experience in the areas of community/school relations would be of immense value in preparing the climate for increased participation of educators in resource allocation. I am convinced that a necessary prerequisite to increased involvement in resource allocation is the satisfying of the need for accountability.

As well as satisfying the need for accountability, we must also recognize that there are real constraints on the degree to which the resource allocation picture can be affected. These constraints are both economic and political. There is much talk of economic constraint at the present time, but much of what is described as economic is a reflection of political reaction to economic factors, and so it frequently becomes difficult to separate the two. First, the most important constraints are posed by the problems of inflation. Since I have the time to deal only briefly with this topic, I shall confine myself to making some observations about inflation and the real burden of taxation.

During the period of economic growth and mild inflation which characterized the late sixties, both federal and provincial governments were placed in advantageous positions. Increasing incomes associated with economic growth mean that government revenues derived from the income tax increased at a rate faster than private incomes. The reason for this is the progressivity of the income tax. Any increase in personal income is bound to increase the yield from the income tax without increasing the rates, as taxpayers move into higher marginal rates. As a consequence of this windfall, both the federal and provincial governments were able to provide additional programs without facing the political resistance which a less elastic source of revenue might have entailed.

As the rate of inflation increases, however, taxpayers' attitudes change. With increasing price levels, even when wage and salary levels are adjusted to meet increasing price levels, a real reduction in income becomes apparent to the taxpayer. Thus, if a wage earner in the 40 per cent marginal tax bracket achieves a salary increase of 15 per cent in order to reflect the increase in price levels, the additional tax he pays on his salary increase will reduce his real increase to one of 9 per cent -- an amount insufficient to keep pace with increasing price levels. He is thus forced to sacrifice personal expenditure to maintain governmental expenditures.

Although the increase in real tax burden has been mitigated to some extent by the gearing of taxation to inflation through the indexing of personal exemptions the increasing burden of real taxation makes it difficult for the politician to increase rates of taxation. There are even strong demands to reduce the level of taxation either directly or indirectly by reducing the level of expenditure in the public sector.

The realistic reaction to this state of affairs involves a concentration on maintaining the status quo rather than seeking expansion. It also means that educators must explain to the public the fact that educational systems are adversely affected by inflation more than many other government services.

A second constraint related to the first is the application of the principle of diminishing marginal utility. This principle holds that as consumption of a particular commodity or service increases, an individual will be willing to sacrifice less and less for each incremental unit of consumption of the particular commodity or service.

The term "utility" is used by an economist to refer to the degree of satisfaction afforded to an individual by his consumption of commodities or services. Because satisfaction is an individualistic quality, it is not possible to obtain an objective measure of utility. It tends, therefore, to be measured in terms of the willingness of an individual to sacrifice his consumption of one commodity or service in order to consume another commodity or service.

For the sake of illustration, we may use the consumption of television sets. Let us assume that an individual is an inveterate television watcher. If he has no television set in his house, the relative sacrifice he will be prepared to make in order to obtain his first television set is likely to be substantial. Once he has the first television set, it may occur to him that his enjoyment of television may be increased if he were to have additional television sets located throughout the house. It is unlikely, however, that he will make the same relative sacrifice for the second television set as for the first. He is even less likely to be prepared to make the same sacrifice for a third television set as he did for the second. A time will occur sooner or later, depending on his own individual preferences, when he is not prepared to make any further sacrifice in terms of alternative consumption for any additional television sets.

This aspect of human behaviour tends to be carried over into the public sector and may be interpreted as a decrease in willingness to pay for each additional unit of public service. The degree of unwillingness to pay for one public service over another will depend upon individual preference patterns, but it will also depend on the total availability of the public service concerned.

Perhaps a simple educational example will serve to drive my point home. The public may be prepared to make a relative sacrifice in terms of its consumption of other public services to reduce the pupil-teacher ratio from 35 to 30 since it recognized that 35 may be too many students to have in the class. It is highly unlikely that the public will be prepared to make the same sacrifice to reduce the pupil-teacher ratio from 25 to 20. In another context, the public may be prepared to make a substantial sacrifice in terms of salary paid to raise the average level of teacher qualification from non-degreed to degreed status.

It is unlikely, however, that it will be prepared to make the same sacrifice to raise the average level of teacher qualification from degreed to doctoral standards. In its most simple way, the application of the principle of diminishing marginal utility adds a new twist to the rallying cry of the fifties -- "What do you want, schools or sewers?" Given the principle of diminishing marginal utility, it might be more proper to rephrase the question, "Given that you have some schools and some sewers, which do you consider more important, additional schools or additional sewers?" The answer might well be, "Well, we have a fairly good school system, but our sewers aren't adequate. Perhaps this time we'll select sewers."

Unfortunately, professional educators frequently act in such a way as to reinforce a more rapidly diminishing marginal utility. Thus, in any discussion of resource allocation or factors which require increased resources, there is a tendency to avoid any statement of the optimum. The response of educators to the question, "How much is needed?" is too often, "I don't know for sure, but it is more than we get now." For instance, public reaction to a proposal for further reductions in the pupil-teacher ratio will, given diminishing marginal utility, become disproportionately negative as the present ratio declines. Clearly, therefore, the profession needs to spend much more time in consideration of optimal, as distinct from smaller, pupil-teacher ratios.

We need to specify the optimal level of resources needed to provide an adequate special education program instead of saying, "Give us more resources and we'll provide a better system." In other words, we must specify realistic targets for resource needs and cease attempting to justify larger allocations.

A third economic constraint is that which is established by the existence of the market economy and the grants economy. Although it is customary to think in terms of public goods competing with private goods for the share of the individual's dollar, analysis of expenditure patterns reveals this is not completely true. The proportion of gross national expenditure which is available to government, as distinct from consumers, tends to be determined by social and political considerations of the relationships between the individual and the state, and what constitutes an appropriate distribution pattern of the national income. For this reason the proportion of gross national expenditure which is allocated to the public sector tends to change rather slowly. In Canada in 1961, the proportion of our gross national product spent by all three levels of government on the purchase of goods and services was 19.3 per cent. In 1974 it was 19.4 per cent. This stability in the proportion of resource allocation to the public sector may appear somewhat startling if we consider the tremendous expansion of educational services in the 1960's at both the public and post-secondary levels.

On the other hand, the allocation of resources within the public sector is affected much more rapidly by public opinion as it is reflected by the political process. Thus, whereas in 1960, 14 per cent of total government expenditures were for education, by 1969, the percentage had increased to 21. It is extremely difficult, therefore, for any one particular group to exert a significant influence over total resource allocation to the public sector, but less so to exert influence over the allocation of resources within the public sector. Interestingly enough, it should be noted that the increase in education's share of the public sector was at the expense of transportation, which declined from 13.5 per cent to 8 per cent, and defence and Veterans' Affairs, which declined from 17 per cent to 8 per cent. Given the nature of the energy crisis and the need to develop public transportation systems together with the need to demonstrate our Arctic sovereignty through an increased defence budget, we can see why priorities change, and may change.

Although I have been talking in terms of economic constraint, it is perfectly obvious that each of these has a reflection in the political process. It is necessary, therefore, for me to make a few observations on the political processes which influence the role of the professional educator in the budgetary process. The first important consideration is the tendency to view the politician as the villain of the piece. The primary aim of the politician is to be elected and to retain office. Given their dependency on votes, politicians cannot for long be insensitive to the desires of the public, or at least of those parts of the general public upon whom their support is based.

A politician can ignore minority or pressure groups as long as their influence on the majority is small or not reflective of the majority. He is, as it were, a "middleman". His success or failure is determined by his degree of accuracy in forecasting demand for services within the public sector in much the same way that the successful department store owner gauges the marketability of the goods which he offers for sale. The dependency of the politician upon maintaining popular support requires that he maintain the maximum flexibility possible with regard to the resources at his control which, as we have already seen, is, over the short run, relatively inflexible. For this reason, no matter how desirable it may be for the purposes of planning, it is extremely difficult to get a long-range commitment for a proportion of resources, unless this be at a minimal level.

Furthermore, the nature of the electoral process, requiring as it does elections every few years, renders it impossible for any elected official to bind the hands of future governments by guaranteeing a particular level of resource application to a particular service. Viewed in this context, it would appear that publically <u>elected</u> officials are unlikely to be prepared to relinquish control of the budgetary process. The reluctance of these officials to relinquish such control is, however, no less than the position of publically <u>appointed</u> officials.

In bureaucratic organizations such as Departments and Ministries of Education and our larger school boards, control of the allocation of resources is a major source of organizational power. This tends to explain the resistance of school board administrative officers to the negotiation of working conditions into a collective agreement.

Although the elected officials and public administrators have the most reason to be unsympathetic toward the increase in participation of teachers in the budgetary process, I find that an inordinate amount of energy in teacher organizations is devoted to activities which are designed to influence politicians and their administrators.

In the less hostile climate of the 1960's when public support for increased expenditure on education was forthcoming, briefs and position papers were assured of a friendly response. In the prevailing climate, this approach is less promising. I might even go so far as to suggest that the primary focus for influencing political decision-making should shift from the elected officials to the body politic as a whole.

There are obviously other economic and political constraints which will influence the degree to which teachers can participate in the resource allocation decisions, but I feel the time has come to attempt to draw together some of the points that I have been making. First, let me attempt to summarize what I have said thus far. There are limits to the degree to which professional educators can influence the overall allocation of resources to public, elementary and secondary education. The allocation of resources to education is, as a whole, constrained by a number of factors. First, it is constrained by the size of the public sector as a whole, the proportion of which does not change readily over the short run. Secondly, it is constrained by the political climate in which the politician acts as a "middleman", sensing the priorities of the public.

At the moment, there is public dissatisfaction with education which tends to reveal itself in a demand for accountability and increased control over the resources allocated to and within the educational sector. This demand for accountability is in conflict with the aspirations of a rapidly professionalizing teaching force. The problem then is to what extent can the conflict be resolved.

From what has been said already, it is clear that the resolution must be effected in the political dimension. It must be directed towards an accommodation with those who, in their demand for accountability, seek to increase their control over the resource allocations systems. I think the process of resolution will be a lengthy one, and so would recommend some preliminary considerations:

1. The case for professional involvement in resource allocation decisions should be pressed at the level of the electorate rather than at the elected or appointed officials of the educational system. It is the public who determine the actions of politicians and without public support, no resolution can be effected.

2. The pressure for accountability and total control over resources on the part of the public can only be dealt with by involving the public more fully in the problems of resource allocation and at the local most immediate level. This requires administrative restructuring and a restriction on the growth of school size and size of systems.

3. The tendency towards escalation to the provincial level of essentially local disputes must be avoided. The greater the distance from the interface to the point of resolution, the greater the feeling of alienation on the part of all those involved.

4. Greater effort must be made to understand the views of the public with regard to educational issues. Unfortunately, too often professional educators talk only to professional educators about problems in education. Too often when they are invited to address non-educational groups, they adopt a "We know better than you" posture that seldom does anything to reassure their listeners. The myths that parents don't care about anything educational except the tax rate has not been borne out by any of the recent Royal Commissions in Canada which have encouraged a measure of two-way communication between professional educators and the public.

5. A major thrust towards the professional education of teachers is necessary. Pre- and post-service education programs for teachers are heavily oriented towards methodology and the development of professional skills. Little, if any, time is devoted towards the problems of resource allocation.

John Buchanan, in a paper analyzing taxpayer constraints on financing education, suggests that needs, as defined by professional educators, have few if any limits. Mr. Buchanan, who is a major writer in the area of Public Finance, notes: "It becomes almost as if we asked the child how much candy he wants and he replies, 'More'." In a similar vein, one of the first questions that I ask students who take my course in Educational Finance is, "If we are currently spending 8 per cent of our gross national product on education, how much more or less should we be spending?" Usually the answer is "As much as we need to" which, fortunately for me, provides an appropriate opening for the first unit in my course.

For many teachers, however, the question "How much" is one which has no reality. Many in fact are proud of the fact that they know little or nothing about educational finance and seem to regard their lack of knowledge as a tribute to their own professionalism.

I would contend that it is utterly unrealistic to expect teachers to increase their share of decision-making with respect to resource allocation unless they have at least the basic ability to translate programs into resource requirements at the local level. Such ability

presupposes some basic knowledge of program cost analysis, the variations associated with cost differentials, the cost implications of alternative patterns of staffing and some appreciation of the need to relate a cost and its associated benefit. I regard this as something of a Herculean task since, to my knowledge, there are no basic text books which reflect the Canadian scene. What literature is available is normally addressed to the specialist and, more often than not, originates in the United States.

The above-mentioned considerations are, I believe, prerequisite to any further development of participation of teachers in the resource allocation process, and, I trust, will give you ground for discussion in later sessions.

One of the main advantages to being an introductory speaker is that there is no need to attempt to provide any specific answers to questions raised during the topic of the address. I feel really confident that I have not made the mistake of supplying answers. In the event, however, that what I have said does not provide you with grounds for further discussion, I would like to pose a number of questions which I would regard as critical in the consideration of the degree of involvement appropriate to professional educators in the budgetary process. They are:

1. What restrictions to teacher participation in resource allocation decisions are necessary when the participation can and may be used for increased personal benefit?

2. Is it possible or advisable to gain almost total control of the budgetary process within the school system by means of negotiation of working conditions into a contract of employment?

3. Participation in the budgetary process entails a greater share of responsibility for failure as well as success. To what extent is the professional concept of job security compatible with the degree of risk-taking necessary in connection with resource allocation decisions?

Maybe, if you can answer those three questions, you will have the problem solved.

QUESTIONS AND DISCUSSION FOLLOWING

DR. PETER ATHERTON
Coordinator of Graduate Studies and Research
Queen's University

A. Murray, Ontario

In relation to the years 1960-1969 the percentage of total government expenditure on education increased from 14 to 21 per cent. In our group, I was asking what that really meant in relation to several things and how it would interrelate with (a) the change in CPI (b) the change in school population and (c) the change in teacher population in those years. A 50 per cent increase sounds like a lot but when affected by these other factors I wonder if 14 to 21 might be (a) less than 50 per cent and (b) stationary or (c) even a decrease?

Dr. Atherton

My intention in including that particular piece of information was, as I am sure you appreciate, merely an attempt to validate the case that I made that patterns of expenditure within the public sector vary much more than the total allocation of resources to the public sector. Now, to give some factual answer to your request, I do not have the numbers at my fingertips, but a great deal of the increase has been post-secondary education as defined after 1967. I did a study at one time, in relation to Alberta, the total expenditure increase was on the order of 150 per cent, not by using the consumer price index but by using a price index that is more relevant to educational expenditures. I found that, of the 12 per cent a year, actually there was about one per cent that was available for use in changing the educational system. Far and away the greatest proportion of that money had been used up in increasing enrolments. At least 10 per cent of it was attributable to the increase in teachers' salaries. But this was not just the increase in teachers' salaries, this was also a reflection of the tremendous shift in the qualification levels of the teaching profession. It was a lengthy study but my final conclusions, as I remember, were that most of it had gone into increased salary levels and enrolments. Very little was left over for what I said was increasing the inputs rather than quality of education. Such information as I had then seemed to indicate that most of that money that was available had been put into reducing the pupil-teacher ratio at the secondary school level partly to account for the dramatic increase in the number of alternatives that were accompanied by the demand to increase the retention rate.

I think the question that you are asking needs to be examined in the context of a separate analysis altogether. Most of it is enrolment burden and price level increase. But my original point was aimed at pointing out the flexibility within the public sector. Someone challenged my 19 per cent at the coffee break. I would point out that 19 per cent was based on government expenditures on goods and services and did not include transfer payments to individuals which raised the total proportion of the

economy in the government sector much higher. In other words, it neglected things like old age pensions and unemployment insurance. It was just the proportion of our gross national product that we use to buy government goods and services.

D. Trace, Alberta

It seemed that in your paper you put great emphasis on marginal utility and you used television sets as an example. My question is, if this person who was making the choice about the third television set had been told that if he plugged in the third television set it would blow his fuse box, this piece of information might be totally irrelevant but it is going to condition his choice. Now it seems to me that the public has been sold a bill of goods that the cause of inflation, which we all are very much aware of, is government expenditure. This might be totally irrelevant, it is what the public perceive to be true and it seems to me that the job that we have got to do then has got to dispel this notion that government is the cause of inflation. Is it true?

Dr. Atherton

That is a very difficult one to answer simply. I think one of the reasons that it is difficult to answer is in the way that we keep numbers. Take, for example, before and after the introduction of compulsory medicare. Before we had compulsory medicare, all the money that was spent on insurance premiums, medical insurance premiums and health care, appeared under consumer expenditures on goods and services. By making it mandatory that this money is spent by government you automatically transfer that amount from the consumer side to the government side. Now I think the inflationary aspect of it really is a subject of debate among economists. There is no universal agreement on what causes inflation. The fact remains that it is an international phenomenon. It was as bad in the United States as it was in Canada where perhaps expenditures on defence served to break it. I think it is true to say that any kind of expenditure is inflationary if it is not accompanied by a growth in productivity. It does not matter whether the public spends it or the government spends it as long as the amount of goods and services that are available remains the same. Any increase in the price level of those goods and services is inflationary whether the government does it or the public does it. I do not think the public sector is being clouted as the prime villain. That is only my view.

Concerning marginal utility, the question is, do we want another alternative route in the secondary school? How much more do we need some more programs at the elementary school compared with a bus service past the door? If you had none of these things in the school then people might say, let's put them first. Going through various levels of centralization, it is not too difficult to get the first level from your one room school up to the three and four room school. But, as you proceed to get more and more centralized people say they have to perceive the benefits as being much more than proportional if the cost is going to be proportional because there are other things they want to spend their money on.

R. Gordon, Manitoba

Related to that, in the 1960's, the mid-1960's, economists were encouraging government to put more money into education in terms of increasing productivity, particularly in post-secondary education. Is that argument no longer valid? Is there not the need now for the investments in education and related productivity? You have said that the solution or part of the solution to the problem of inflation is to increase productivity.

Dr. Atherton

I think the truth of the matter is that economists, by and large, become disillusioned with the economics of education and its relationship to productivity.

R. Gordon, Manitoba

Why?

Dr. Atherton

I'll give you a personal opinion. You have to remember that it started off when economists were unable to explain the growth in Europe after the Second World War in terms of investment theory. So they looked around for some variable that they could put into the equation so that it was fairly analogous to their model. They rediscovered human capital because human capital was invented or discovered or named around the turn of the century. The Russians have been doing studies in it since early in the twentieth century. A fellow named Schultz, who was unknown at the time, made his reputation on it. In spite of all the weaknesses in assumptions which were challenged at the time, the movement gathered ground. Now what is happening is people are talking about the assumptions and they are rejecting them more and more. I think the Economic Council of Canada were the prime villains because they were the ones who wrote that famous Second Annual Report in which all Canadian studies were put forward. That was used as a rationale for the federal provincial arrangements in 1967. Now the political need to hold back in the public sector happily coincides with disillusionment in the investment concept because people have to be convinced that extra money spent in education is in fact going to education and not going to increase salaries. I think this is the sort of inflation notion, you know, rising prices for the same output.

D. Trace, Alberta

We had quite a difference of opinion in our group on that last point you raised about the connection between teachers' salaries and education finance. How do you see the problem that education finance ought to be rigidly separated from the question of collective bargaining? I think this was the issue.

Dr. Atherton

I guess it would be eminently desirable if you take what the money is spent on. By and large there are three major variables, the salary, the pupil-teacher ratio and class size. The pupil-teacher ratio is not really a reflection of the program or class size because you can have a reduced pupil-teacher ratio and no change in the educational program or the class size. Now, when a local board allocates its resources it has got to trade off all three. It has got to trade off salaries against pupil-teacher ratio and pupil-teacher ratio against class size. These are, I emphasize again, two quite different variables. If you can remove the salary variable then the local board can then be concerned in allocating whatever resources it has to the two major variables which are the program and pupil-teacher ratio and, well, the class size. So, if you do separate the salary component from the other types of decision-making you are going to have more flexibility to make educational decisions. But the salary proportion of the total expenditure on education is so high that inevitably whoever funds it is going to have to exercise tremendous control because of the way that it can grow. So I think that essentially, from a educational point of view, if you could get rid of the salary factor you would be able to argue education resource allocation. But you would have to argue the salary factor at some other level with some other group because in the last analysis they are going to be lumped together. That is probably not a very satisfactory answer but you know no matter how desirable it is to get it out of the educational decision-making it is still there because it consumes such a large proportion of the total resources.

S. Allison, Quebec

I would like to make a comment that in general you seem to be using traditional economics and I think we are really in an affluent situation. I think you are using Adam Smith as it were as opposed to John Kenneth Galbraith. I think that the problem, for example, of badly fed Canadians isn't a scarcity of food. It is junk food. I think the problem in education is the fact that there is scarcity of resources for education. It's the problem of junk education, as it were. You must remember that we are spending almost 9 per cent of the GNP on education which is higher than anywhere else in the world. But we still have a problem with the kind of education and the results of this system. My question is, how useful is scarcity economics in this situation?

Dr. Atherton

Well, for better or for worse the basic concept of scarce resources is perceived as a major problem. Political issues are the way that you perceive economic reality. I think perhaps the very point that I drew attention to is a reflection of Galbraith and his notion of counter-vailing forces, the need to split up the large power groups in our system. Now, when we get down to the problem of undernourished Canadians, which is legitimate and under-educated Canadians you have to ask who makes those decisions. Are we prepared to translate the food economy into the

educational economy whereby we would direct all people to go to a particular supermarket and we will put on display for them a limited range of foods. It is a political issue, to what extent are you prepared to accept a level of centralized control on your activities and that is essentially a political question that changes very slowly over time. I think one of the problems that we are suffering from now, as educators, is the levels of expectation we've set and led the public to expect in the relative affluent days of the sixties. I don't believe we are in an affluent society although that is how it is perceived. You know, people with less than us perceive that we are affluent but we also perceive other people as being more affluent than us in suffering from scarcity. These are political decisions and you have to work at them in a political way to reconcile them.

W. Nightingale, New Brunswick

In one of your comments this morning you talked about exerting pressure at the level of the electorate. But, there is the question of increasing the allocation of resources for education. There is the problem that we just talked about of the variables that go into educational finance, one of the largest ones being teacher salaries. How do teacher groups get parents involved. In other words we can emphasize the value of education and concentrate on those variables, but we cannot deny that we want more money for education finance for other reasons than just pure education. We have a vested interest. We are also talking about the economic welfare of people who are in the teaching end of it. What type of a balance can we get there?

Dr. Atherton

That is one I have got to opt out of. It is the nature of a highly unionized or professionalized group to get as much as they can for their members. This is where you get the countervailing force. My own very simplistic theory of salary determination is this: if you have a pupil-teacher ratio of 23 or 25 to 1, it means on every block in suburbia you probably have got two teacher families which constitute a fairly high proportion of that block. Salaries are resolved at the very low level where the neighbour on one side looks around and says, "They have bought a new car. They took a winter break holiday down in Acapulco. Things must be pretty damn good in the teaching profession! But I am not doing too well myself." That kind of reasoning reflects itself as a general political movement. On the other side where they notice that that poor woman there has been to that block coffee party three times in a row in the same dress or that that guy can't even afford to go bowling with the mob, teachers are perceived as poorly paid. That translates itself into a more flexible approach to salary determination. That is a sort of personal theory at the grassroots level.

There is another theory which is academically more acceptable. Because of the lag between the reflection of increases in personal income and its availability in the tax form, in the form of taxes, there is a lag between movements of wages and salaries in the economy as a whole and those of the teaching force with a result that when the

level of wages is going up in the economy as a whole teachers normally don't start to look for a piece of that pie. Teachers only start to get in at a time when everything else is slowing up. So the political consequences of this reaction are that at the time when big wage settlements are being made in the private sector teachers really aren't making a fuss. It is only when things start to slow down in the general economy and teachers are far behind that they start to catch up and they are in a really bad light. I think it has a lot to do with the cycle of set teachers' salaries as it reacts with the cycle of wages and salaries in the economy as a whole. Now, if you can bring this a bit better into line either through longer term contracts based on better information predicting variations in the cycle then perhaps some of the bad political reaction may be minimized. You are never going to get rid of it because it is too visible. So there are two simple theories. They don't answer your question of course but I don't think there is an answer to your question. I think that you are not going to be able to combine a hard line on salaries with the other dimension on program. It has got to be one or the other to be consistent.

W. Nightingale, New Brunswick

Just a comment and this is supplementary; I don't think it is necessarily a question. One of the major problems that we are facing now is that you can negotiate terms and conditions of employment either provincially or locally. You can establish the rate of benefits in various forms. But, once the employer agrees to a certain rate, he then has the right to say that he is only going to provide so much money to finance the program of education. This means that we have a satisfactory salary rate established, but we may only be able to employ so many people at that rate. So, they can give us a 100 per cent increase and then say that they are only going to employ two people next year.

Dr. Atherton

This is not just a Canadian problem. When they introduced the education act in 1945 in Great Britain one of the regulations established pupil-teacher ratios with the proviso that where local circumstances make it impossible, these ratios can be exceeded. Since 1945 they have never hit them. They are still above them and as far as we know they always will be. I suppose negotiating with the people who actually control the resources is one of the ways you can make them put their money where their mouth is. But the political realities don't make that too easy.

Dr. F. Henderson, Ontario

One of our problems lies in the fact that when we are talking about pupil-teacher ratio we are talking about it as an improvement of program in the schools. Unfortunately, we tend to define in our own terms rather than in terms that are useful to the public. So that if we establish the rate that Wayne Nightingale is referring to we have that as a goal, so to speak. But, I think that until we begin to relate the

kind of things that can happen in the program with the certain number of teachers, the public is always going to see the case we put as self-interest. If you have 40 kids there are things that you can do, but you can't do the same things that you can with 35 or with 30 kids. Now, until we translate that, not in terms of what my workload is but in terms of what the learning availability is at the public level then they are always going to see the case we put as self-interest. I am not minimizing the fact that we have self-interest in it. But, if what Peter Atherton says is true, if we must get those marginal dollars or even the basic dollars through influencing the public, then we must translate our programs in public terms and not in our own.

Dr. Atherton

I have to agree 100 per cent. The Education Finance Project in the United States and, I believe, the Minister's Committee in Alberta have recognized and recommended a differential weighting of pupil-teacher ratios. That is really where the pupil-teacher ratio starts to come into effect where you have to have only 12 or so in a special education class otherwise you cannot cope with it. We use the general measure pupil-teacher ratio too much too often, including people who are researching the area. A study on class size has just been done for Ontario by Doris Ryan and Barr Greenfield of OISE. After looking at everything, collecting all the data, they come out with absolutely nothing. They conclude that a big class is that which is perceived by a teacher to be a big class. If a teacher is conditioned to think of 25 as a big class it is a big class, but if she is conditioned to think of 30 as a big class then that is a big class. There is really no fixed relationship but, to the public, you have got to explain to them in very simple terms.

I remember, about 1968, looking at a program budget. A superintendent in one of the New England school districts had great success with his budget by itemizing and providing 25 cheery-faced youngsters in each class with this, that and the other x dollars. It was very sloppy stuff. In a place where all the current budgets had to go in front of the electorate he had great success.

When you gear numbers to pupil-teacher ratios the whole problem is that every parent who reads that in the paper will say to their kid who comes home from school, "Hey George, how many kids are there in your class? 35! Those bunch of liars." You know, the whole case is invalidated because everybody has a source of information as close as their nearest child. We have got to distinguish between what we as professionals think is a good way of organizing our system and the way that it appears to the public. As a professional, I am all in favour of professional development days, but one of the reasons that my wife couldn't come here today was that they have got a professional development day in Frontenac. She has five screaming monsters around her. You have got to distinguish between the different perceptions of reality and we don't do it by talking to each other. I am not talking about a sort of smooth PR campaign over a short period of time with nice photographs in the newspaper. It has got to be much longer, more concentrated, getting down to the real interface problems. That was a lengthy response to your non-question but I am right with you.

Dr. C. Hyman, Alberta

First a comment and then a question to you Peter. At the Western Staff Conference that was held in Winnipeg last month, teacher welfare people of the four Western provinces were discussing this issue of education finance vs. the economics of education. One of the things that we noted, whether it be true or not, is that in the 1960's there was a central message that teachers could take to the public and could be translated into easy comprehension that was based on research in the area of the economics of education. It was that a greater input into education would lead to greater productivity, you know, more availability of resources, higher potential earnings, and whatever wants translate into. That message seems to have gone down the tubes either because we simply haven't pressed it or because of other studies that came out in the late sixties and early seventies that tended to discount the notion of investment in education as being a long-term investment in society and leading to greater productivity. So that, in the past few years, most of us have not spent our time with the issue of economics of education but with the issue of education finance. How do we distribute resources rather than how do we get more resources? One of our problems has been that we have not found any research that will allow us to bring a new message to the public about the benefits of education. I note that in your address this morning most of the areas that you were looking at in terms of primary consideration and the kinds of questions you asked us to look at seem to fall into the political spectrum rather than into a purely economic spectrum. Now, is that because you feel that the political questions are now "where it is at", that we have to concentrate on that issue or is it that there is no message right now in the area of the economics of education that we can translate into a simple message that the public will accept?

Dr. Atherton

I rather think the second because, if we go back to the time of the sixties, a substantial number of people who came out of secondary and post-secondary education in the sixties are now perhaps young married couples. They have got jobs but they are questioning how useful their education was in getting them the job. One of the problems was that a major thrust of the economics of education in the sixties was never directed towards public elementary and secondary education. It was almost exclusively directed at post-secondary education. A lot of the writers in the economics of education accept public elementary and secondary as a basic prerequisite for post-secondary education. Some of the developmental people are concerned with illiteracy rates but even Mary Jean Bowman, one of the pioneers in it, was unable to take too strong a stand on anything beyond elementary reading capacity. Most of the escalation in educational expenditure has been channeled towards the post-secondary sector. The only reflection of the post-secondary sector in the schools has been the need to prepare people at the high school level for entry into the various tracks in the post-secondary sector. Now, the universities are suffering much more from the revulsion against the economics of education than public elementary

and secondary education. If you look at the Economic Council of Canada, and I have to refer to them because they may be seen as the villains of the piece, the studies of Podaluck and Bartlett said great things for post-secondary education so we got the post-secondary cost sharing arrangements. Disillusion has now set in and that disillusion is sort of spreading down.

So, I don't think there is any message from the economists. After all, Adam Smith was in favour of education, but only to create a literate working force. Most of the claims that we have been advancing in education have never been based on the economics of education in the public elementary and secondary field. Even now, the major program areas which seem to get a most receptive audience are so-called frills. I think Graham, the recent Graham Commission Report, commented quite surprisedly that the public wanted more art, music and drama. The demand now is for special education for physically, emotionally handicapped people. These really are not related to the economics of education, but to a much wider context of a welfare function, I think. I don't think there is a message from the economist.

Dr. F. Henderson, Ontario

May I respond to that. I think that maybe what is happening is that we are going to have to shift from viewing the economics of education in terms of productivity, if you will, to looking at the economics of education as the allocation of resources which indeed was the message that you, Peter, were giving. But, the allocation of resources could be looked at within the public sector. In other words, if we are getting machines that reduce the need for human beings to be productive in the sense that we understood them to be productive in the economy, perhaps what the schools ought to be doing is setting up programs that would reduce the need for public funds to be spent in areas in which they are now being spent. In other words, if we spent more time in the schools teaching nutrition, health habits and so on would we not need less monies spent on health services? If we spent more money on certain other things, would we not need less money spent on penal institutions and departments of justice and so on? So I am wondering if our shift, then, needs to be in redevising school programs in order to capitalize on funds that are now going to other sectors in the public sector?

Dr. Atherton

I certainly agree with the first part. In fact, I recall one study that was done in Appalachia on the rate of return to education. It transpired that, yes, the benefit as measured by earning power did increase as a result of education. But, when they looked into it further, they found out that the major cause of the low income, particularly in the coal mining areas, was absence due to ill health and sickness, industrial accidents and so on. It was loss of income and that the primary output of school program was increased attention towards health, nutrition as you so correctly point out. The difficulty is, that when we talk here about redirecting public attention towards needs of this nature in the schools, I don't know what proportion of the total teaching force in Canada goes along with that.

I don't know if anybody saw the Globe and Mail last week. A retired school principal in Ontario came out very strongly saying, "Let's do away with all nonsense. Let's get back to the hard core stuff". There are people like that, I am sure, in every province. The trouble is we have a hell of a lot of them in the teaching force as well. Back to the basics. I don't know if you have got enough support in the teaching force as a whole without a considerable education job towards meeting that need. There are a lot of people not in education finance committees who have a very different concept of what the schools should be doing. I think that is one of our problems, this whole education job that we have to do.

There is, of course, a problem when you get into the area of the allocative efficiency of doing it. Maybe a museum or an art gallery is a cheaper way of doing it than a school. Maybe it is cheaper to teach kids to swim through the Red Cross or the YMCA where you don't pay the instructors very much. You are back to the old pupil-teacher system, the Lancaster Bell system. Maybe that would be a cheaper way of achieving the same objective. So, before one takes off on that approach, I think one has to sort of stop and seriously consider why we want more money in education. Is it for the betterment of the kids? Well, if it were really for the betterment of the kids, then we should be among the first to identify alternative structures which would provide the same learning experience at a lower price.

D. Byrne, Ontario

I was just wondering to what extent the perspective you are putting forward on education finance in this paper this morning has been influenced by your acting recently as a factfinder in Ontario?

Dr. Atherton

Actually, there are a few things I have been working on at the same time. One is the study of cost differentials, elementary and secondary; another is the report on the factfinder. Certainly, working as a factfinder and looking particularly at the negotiation of working conditions has influenced me. I have always had this feeling, you know, that probably when you negotiate all the working conditions that are legally open to negotiate, there isn't anything else left in the budget. So you are not talking about allocating the budget within the school system because you can tie that down to class loads, auxiliary help, secretarial help, preparation periods. You can tie the whole thing down as long as you can negotiate to a successful conclusion. So really, you are allocating the total resources in the school system. You are really aiming, then, at bringing more resources into that school system that you can allocate yourselves through the negotiated agreement. That is why I asked the last of those three series of questions, because I have been very much influenced in my thinking, particularly in preparing this presentation, by that particular experience. You know, when you tie everything down what more is there?

RESOURCE ALLOCATION IN THE PUBLIC SECTOR: RATIONALITY OF THE DECISION-MAKING PROCESS

DR. RALPH BENSON
School Finance Advisor
Ontario Ministry of Education

My comments are compatible with those of Dr. Atherton. I should add that they are my own and do not necessarily represent the official views of the Ontario Ministry of Education.

There is a common assumption that resource allocation should be a rational economic process, that we should define the objectives of the system, identify the alternate means of meeting the objectives, analyze the alternatives in terms of cost and effectiveness, and then select the most appropriate alternative for meeting the objectives.

Any process that does not follow this economic model is considered to be irrational and subject to criticism. One often hears the complaint that a particular decision is strictly a political decision.

I would like to present the case that the economic decision-making model is not appropriate for decision-making at the provincial government level. However, the decision-making on the part of the provincial government is not necessarily irrational. It is just that it is governed by a political model rather than an economic model.

This is the key point I want to make today. It is compatible with the argument presented this morning by Dr. Atherton.

The first step in the economic model is to define the objectives of the system. In the public sector, goal specification is exceedingly difficult if not impossible. The specification of goals and objectives implies specification of values. In the public sector, values cannot be specified in advance, but must be searched out through the decision-making process itself. Mutual adjustment generally takes place among participants in the process.

This key aspect of the economic model -- the identification of objectives -- cannot be specified in advance in the public sector.

The second corner stone of the economic model is the identification of alternative means to meeting objectives. Again, I would argue that in the public sector the identification of alternative means to meeting objectives is exceedingly difficult to attain if not unattainable, particularly with respect to complex policies. The human mind cannot grasp all the alternatives that are available in major choices between, for example, expenditure for education and health.

Decision-making in the public sector is a social and political process, not primarily an analytical exercise. Technological efficiency is sacrificed to achieve multiple goals. This does not mean that the analytical process is ignored in the public sector. Goals may not be specified; however, the general direction of policy is established to serve as a guide during the decision-making process. Although all the alternatives cannot be identified and explored, a restricted set of alternatives are identified and analyzed -- the latter relates to the concept of incrementalism in government policy.

You could argue that the short-term goal of the political process is "agreement maximization"...to establish consensus.

Policy making in the public sector, however, is not based solely on reflecting the views of the public. As well as responding to the direct representations from the public, that is both consumers and producers of public sector goods and services, and the indirect evidences of the demands and preferences of the public, policy makers try to shape the demand for an acceptability of their programs.

It could be argued that the degree of organizational survival is the determinant of long-run success.

The concept of agreement maximization might be stressed a little too heavily. The economic objectives of the public sector are exceedingly significant and in the forefront at the present time. The four generally accepted economic objectives of the public sector are:

1. the efficient allocation of resources
2. the stabilization of economic activity, i.e. employment and prices
3. an equitable distribution of income, and
4. the promotion of economic growth.

These economic objectives of the public sector are having a significant effect on school finance in most provinces at this point in time. In addition to their involvement with the Federal Anti-Inflation Program, provincial governments are questioning the allocation of resources for education and the responsibility for raising such resources. For example, in Ontario the decision has been taken to transfer greater responsibility to school boards to raise the revenues for education. The rate of increase in the grant ceilings for 1976 do not match the general increase in expenditures and the average rate of grant support has been reduced.

The Ontario decision to reduce the rate of provincial support for education is an example of a decision that is not based solely on the economic decision-making model. It is designed primarily to meet the economic objectives of the province. It might be considered irrational on the part of the education community; however, it is a rational decision in terms of overall provincial policy. It reflects the views of a significant proportion of the public and is an attempt to share future demand for educational services.

I would like to stop at this point in order to field your questions, and pose a couple of questions for you to discuss during the small group discussion period.

EDITED VERSION OF QUESTIONS AND DISCUSSION FOLLOWING

DR. RALPH BENSON
School Finance Advisor
Ontario Ministry of Education

B. Watson, British Columbia

Your last statement, that, in Ontario the reduced support reflects the views of the public, bothers me a little bit. How did you determine that?

Dr. Benson

This is a determination that is taken by the Government. Their reading is that their present policies do reflect the views of the majority of the public. There is no direct evidence; it is all indirect evidence.

Recently in Ontario there was a Special Program Review Group which included Maxwell Henderson, the former Auditor General, and a few other members of the private sector. They came out with a report that indicated that government spending was at too high a rate -- it was time to control the rate increase in services. This report supports the Treasurer's position to limit the rate of growth in transfer payments for educational services, health services and community and social services. So there is no direct evidence, just the perception of the Government with respect to what is occurring in the Province at this point in time.

The Treasurer, the Minister of Education and a few other members of the Government toured the Province to explain the Government's policy. This is the point where, as well as reflecting the views of the public, the politicians try to shape those views and the demand for services. It is not really answering your question very well. But as I said, there is only indirect evidence.

There is going to be a discussion period, a coffee period, and then we are going to be back here at 3:30 p.m. I have asked Dr. Atherton to sit up front at 3:30 p.m. so that you can follow up on some of the questions from this morning's session. The two sessions are directly related.

The key question for you to discuss is how do you gain access to the political decision-making process? That is the key question, I think, that is facing you. Resource allocation is a political rather than an economic decision at this point in time. The key question then is how do you gain access to the process? Is it through indirect influence on the public? Through direct representations? Some type of confrontation? A combination? There are many alternatives.

As an aside, the point was raised this morning about focusing during the negotiation process on salary schedules and other issues that might be viewed as self-interest items versus class sizes and pupil-teacher ratios which might be related more to pupil welfare. You can discuss, perhaps, the concept on self-interest versus pupil welfare taking into consideration the experience of provinces that have negotiations at a provincial level -- it might be an interesting dimension.

R. Gordon, Manitoba

To talk about the public gaining access to the political decision-making process, I think one of the things we have to know is who are making the political decisions? In our experience often the decisions are being made by people who are not easily identifiable. The way governments are structured these days and the process used make it pretty difficult for us to even identify the people who are really making the decisions. They are not, probably, the elected representatives. They are apt to be committees; they are apt to be staff that are so remote they are not even identified on the government organizational chart. It is very important, I think, for us to find out who are making these decisions.

Dr. Benson

It is my experience through the 60's and the early 70's where we had an expanding system, a lot of decisions were taken, effectively, by administrators. I find now that there are scarce resources, or at least it is perceived that there are scarce resources, that a lot of these decisions are now being made at a political level. Now, where they are being made is another question. Whether they are being made by specific elected officials, committees, etc., is something that one would have to determine.

D. Bryne, Ontario

Why is the Government of Ontario presently interested in hearing about the experience of provincial bargaining in other jurisdictions?

Dr. Benson

We are always interested in developments in other jurisdictions. From my vantage point, your access to the political process should be of interest to you. I simply raised these questions as I thought they might be of interest to you.

S. Borer, Quebec

I got the impression that you said that the Ontario Government thought they read the public a certain way, they decided on it and then went out and sold it to the people. Is that not a little strange?

Dr. Benson

I am not speaking for the provincial government. I think this is part of the decision-making process. I view it as conditioning. They read an issue a certain way, and then try to establish a consensus. It is a dynamic process. They make some preliminary decisions, test them out and modify them accordingly.

Dr. Atherton

I was at one of these meetings where the travelling circus came. It seemed to me that there was a different group represented in the audience. Most of the people in the audience appeared to be school trustees, local government people of one sort or another. I wonder if it could not have been an attempt by the government -- they sensed the feeling at the lower levels, at the grassroots level, they came through caucus, translated it into Cabinet decision and then the Cabinet went out to pass the message along to the people who would be carrying the can for the decision that was already made. Rather than trying to shape public opinion, it was merely an attempt to lay it on the line to the people who were going to have to bear the responsibility for the cutback in provincial funding. Now, this was what I sensed at Kingston. Maybe it was different at other meetings in the province.

Dr. Benson

Although the meetings were attended primarily by local government representatives, the Ministers were also trying to disseminate the policy to the public.

W. Nightingale, New Brunswick

Could you elaborate a bit more on the economic model and the political model.

Dr. Benson

The argument is that the rational economic model where you determine your objectives, identify the alternatives, and so forth, can only be used for some of the less complex decisions at the provincial government level. At a school board level, it would be possible to use the economic model for a wider range of decisions. I think as you get to lower levels you can use it to a greater extent.

W. Nightingale, New Brunswick

With the economic model, from what you say, it seems to me that you would look at your objectives, define those, and having defined your objectives, then you have to find a way to implement them. That seems like an economic rationale and I do not see why that could not be used. It is the logical approach to the problem. You define the problems then you find out how you are going to get the financing to implement them.

Dr. Benson

The first problem with the model is the identification of objectives and goals. There is not a definitive set of goals. Peter Atherton might argue that possibly staying in power is the goal, but this is not a goal for education. I would argue that preliminary decisions are taken and tested out. As the Government gets feedback they start refining their policies and defining their objectives and goals in more definitive terms.

B. Watson, British Columbia

Just to follow that up, if that is the case why did Ontario go into any of the PPB systems or why would any province do that?

Dr. Benson

They feel they have an obligation to test all these models. We have gone through a great number of them. We tried PPBS at a government level, management by objectives, and a number of other planning tools. The latest planning tool I think is goal setting and review.

The problem is that at this point in time it does not appear that long-range planning is compatible with the political decision-making process. As Peter mentioned, we go from one year to the next.

The life of the government is the maximum term that we can plan for. We would have to develop a more flexible and dynamic planning process to have it compatible with the political decision-making process -- this, however, would not be definitive enough to satisfy planners. Even though the outcomes of the planning process are considerably less than optimal, the government has a responsibility to espouse this methodology.

B. Watson, British Columbia

But at what expense to the system?

Dr. Benson

Well, maybe very significant expense.

B. Watson, British Columbia

Well, surely that should be a part of their decision-making as well, to throw out all that crap and get down to what you are really talking about which is a straight, political decision, as Peter says, to stay in power. If it is hospitals this year and schools next year then that is the decision to make because that is what buys votes. This other stuff just seems to me so much nonsense that the government espouses, at the expense of the practitioner, at the expense of local boards and public at large.

R. Gordon, Manitoba

I do think that governments have general objectives that do affect their overall policy. For example, in the NDP provinces they have a concern about equity that might not be shared in other provinces. I think that most provinces with the programs that they have are designed to provide financial equity and in some ways to redistribute income. In any thing you do, regardless of the service, that is of prime concern.

Dr. Benson

The two you mentioned are two of the four economic objectives I mentioned, an equitable distribution of income and the efficient allocation of resources.

Dr. F. Henderson, Ontario

It seems to me that right now any discussion of the political process would lead us to a question of the size of the political unit that would be viable. This came particularly to my attention when I was listening to some of the coverage on the American station about the delegates to their primary election for President. Apparently, both parties have selected as one of their strong positions that the candidates that they are fielding are far removed from anything that has ever had anything to do with Washington up until now. In other words, they are saying, we want somebody who has had no connection with government. This raises the whole question of what is happening to the political process as it now exists.

F. Waudby-Smith, Ontario

Dr. Benson, you were discussing the recent announcements by the Ministry and said that they were attempting to shape future educational financing.

Dr. Benson

I made it stronger than that, future demand for education services.

F. Waudby-Smith, Ontario

Would you briefly enlarge on that because that seems to imply that there is a master plan somewhere.

Dr. Benson

Well I do not think it is a master plan. It is just a generally-held view that the economic situation dictates restraint on education expenditure.

There is not a master plan that I am aware of which says that we will downgrade education, transportation, natural resources and put our emphasis on...it is just that through the informal lines of communication it appears evident that the rate of increase in transfer payments for education and other services as well, will be limited, at least in Ontario.

R. MacCallum, New Brunswick

Could you comment on the leadership role that the Ministry of Education has within the context of making decisions in the government ranks?

Dr. Benson

At this point I am not sure what that role is. We went through a period where the Ministry of Education provided most of the leadership with respect to education issues. But it seems at this point that the economic objectives of the system are paramount, and that the Cabinet is providing the leadership in all sectors of government.

D. McArthur, Ontario

Would you expand just briefly, Ralph. The first objective in the public sector in the political approach to decision-making was the efficient, and I am not sure what went after that, but I suspect efficient allocation of resources.

Dr. Benson

Efficient allocation of resources. That is sort of a motherhood statement.

D. McArthur, Ontario

That is a statement which I find incompatible with some of the things you said later on. I see concern for efficient allocation giving rise to these lovely studies of various management techniques, but in terms of truly addressing the problem, taking a political decision on a given night of the year and, moreover, given a few weeks of the year and going out and promoting that decision, does not seem to direct itself towards efficiency in any way, shape or form.

Dr. Benson

This is one of the economic objectives. Again I think you have to look at the macro level. If you look at education, we could argue that some of the decisions taken, in respect to school finance in Ontario, result in certain inequities in the system. We just looked at some figures over the lunch break that showed that there are going to be significant variations in mill rates across the province. You could argue that this is not an efficient allocation of resources or, rather, it is not an equitable allocation. However, if you look at the macro level, the total government policy possible over a multi-year period, the shift in responsibilities to the local level, making the local politician responsible to a greater extent for raising the funds for education, will certainly result in a different level of expenditure or a different expenditure pattern across the province, which might result in a more efficient allocation of the full resources.

It depends on how you look at it. I think that the Government is prepared to accept certain inequities in education if it results in an overall policy that is more efficient.

D. McArthur, Ontario

Just a follow up on that. I was directing my remarks on the efficiency aspect as a length of program. In other words, the government pays off in one direction and then for political expedience they reverse and go in the other direction. The result is that people grind to a halt, turn around, and it takes two years before you figure out what has happened.

Dr. Benson

That is why I was arguing the economic model is not appropriate. If we follow an economic model we would define our objectives, and we would have to plan, supposedly with multi-year objectives in it, and we would be able to commit funds. This type of model does not appear to be operative in this political climate. So I am saying, let's forget trying to make it work. Let's recognize that it is not an economic decision-making process or, at least, that the rational economic model is not appropriate. Let's judge whether or not it is a political process, and if it is, identify the stages in that process and how to access that process.

D. Fraser, Prince Edward Island

In view of some of the comments that you have made, I really do not have a question but I do have a concern. The concern is that for many years, I think dating from about 1943, the Ontario Government, the present Conservative government and its predecessors, have committed themselves to the idea of assuming at least 50 per cent and then ultimately 60 per cent of the cost of education in the province.

If there was a long range objective it would appear to be one of these things that the support through educational services was going to be raised and maintained at a certain level.

Now, if one of the things that we are looking at and what you are suggesting to us is a viable question, how to gain access to the political decision-making process, is this a response to this rather rapid retreat from that almost thirty-year plus commitment to the support of education?

Dr. Benson

I think we see a retreat in 1976 from the commitment to the 60 per cent. There is not a long-range goal. This could simply be a one- or two-year phenomenon. I think the hope is that the expenditure patterns will change substantially and then the percentage increase in provincial grants would be roughly equivalent to the percentage increases in expenditure. If this came about, the province would maintain its present level of support. Things might change three years from now or five years, but we definitely have a one- or possibly two-year problem where the commitment has definitely shifted.

D. Byrne, Ontario

Your original remarks catch us off guard at a seminar like this, but now I find myself evaluating them something like the engineers at the nuclear plant down in California who walked off and said why they walked off. I am getting the impression that what you are trying to do here is say to us in essence that if we are to pursue this intellectualization of what is going on in education rather than coming to grips with the realities of the situation, particularly as they apply to Ontario, that if we do not look at the political way in which educational financing is done that all the economic models in the world are of no avail.

Dr. Benson

That is exactly what I am saying.

D. Byrne, Ontario

Alright, now what is the political process?

Dr. Benson

I am an economist.

D. Byrne, Ontario

What is your concept of how the political process...

Dr. Benson

That I seriously do not know. I cannot even start to address that. There are probably people in this room who are much more astute in addressing that issue.

R. LeBreton, New Brunswick

I find it awfully difficult not to be cynical. What has just been said seems to confirm doubts that we had, that the decisions that were being taken at the government were political and the rest was all sort of a game. It seems that now the Treasury Board calls the shots and then all the Department of Education does is once the shot is called, rationalize it, sell it to the people.

It seems that the PPBS is inversely proportional to the power that people have. The lower down the line you go the more planning there is but the less decision they are able to make.

So as Wayne just mentioned to you, probably the politicians take the PB out of it and leave the BS.

Dr. Benson

Just a couple of things. I think the ideal is the economic model. I think people still strive for it. I do not think we are paying lip service at a provincial government level and we do try different techniques. The other thing is I do not think that one should decide that the political process or political model is inherently bad. It is not a question of the economic model being good and the political model being bad. You just have to be realistic and realize that there is a process and a model and it might be rational or it might be irrational. The political process is not a series of ad hoc decisions. There generally is a framework. It is just a matter of understanding the framework in which decisions are being made, understanding the model, the process and then hopefully having access to them.

R. LeBreton, New Brunswick

But the reaction to that is somewhat similar to what was mentioned a while ago. Why do they not just come out and say it? If the decisions are political and the rush now for the methodology is historical, then why should we not all be aware of that and react to it in that way instead of coming out with these magical formulas when all we know is that we decided to de-emphasize one aspect and emphasize another?

Dr. Benson

I would say that some people have been aware of that for years.

R. Gordon, Manitoba

We are making an assumption that the economic model might provide us with more resources than the political model for bargaining. It may very well be that the economic model might say to us at this time that the resources to be allocated to education are even less than the resources that are being made available now, because politically it is just not feasible to make those hard decisions. I imagine this is probably behind the movement in health in closing hospitals. Economically there may be some very good reasons to close a number of hospitals but politically they are not able to do that. I do not think we should assume that this political model is necessarily always preferable to the economic model or vice versa.

Dr. Atherton

In the discussion group in which I was sitting, the sort of conspiracy theory of government was raised. If you are in the mood for conspiracies, I have an hypothesis which is perhaps only a little more soundly based than my theory about salary determination this morning. It is this, that the federal-provincial arrangements in support of post-secondary education come up for renewal in 1977. In 1972 that was the year, you will remember, that they sent Wisenthal and Sylvia Ostry of Statistics Canada across Canada screaming the blues about expenditure one year before they were due for renewal. Reluctantly the feds went along for another term of five years at 50 per cent. My conspiracy theory is that somewhere somebody knows that when these arrangements come up in 1977, that the 50-50 arrangement may be under considerable amount of pressure, and that the reaction across Canada of Departments of Education in a political sense, is deliberately to start whittling away at elementary and secondary education because they want to build a little cushion so that when 1977 comes along and they have to shoulder the burden of more of the universities they are going to need that money. Now, one little bit of evidence that tends to confirm this is that I notice that the university grants in Ontario this year are surprisingly generous in view of the blues that have been sung -- 14 per cent. Now it might appear that this is part of the equilibrium process, that having cut back on the university expenditures they can now let them ride a bit because come '77 they are going to have to shoulder more of the responsibility.

My hypothesis is that it is going to be at the expense of the elementary and the secondary sector. That is just a private hypothesis.

Dr. Benson

It is a very interesting hypothesis. It has not been discussed to my knowledge, at least in Ontario. If you look at the total education sector, other Provinces lump universities and colleges, and elementary and secondary together in looking at the allocation for education. I am sure that if things got relatively expensive at the post-secondary level that the elementary and secondary would have to suffer.

Dr. Brown, CTF

It has been suffering for the last 20 years has it not? As a share of total formal education, elementary and secondary has declined from about 80 per cent to the low 60's. In other words, what you are saying is that trend is going to continue and perhaps even accelerate.

Dr. Benson

The economic climate might be significantly different in 1977.

S. Borer, Quebec

I just have a comment to make and I think it is really interesting that somebody working for the Ministry of Education of Ontario has come out with a very strong argument in favour of unions and hard core bargaining. What you said is that there is not necessarily any objective reason for a government choosing to support education as a priority or not. It is basically a political decision and, therefore, you are willing to suggest that we pull together and then bargain very strongly. It is not a matter of being professional or pedagogical or whatever. You are just sitting down, deciding what you want to see, and then supporting the party which will give it to you.

Dr. Benson

One has to determine if that is going to work. A confrontation style might be successful at one point in time. Direct representation might be more appropriate, or the most effective technique might be the indirect technique through the public. I do now know which will be the most successful. I am not arguing that the process is an irrational one. I am arguing that the economic model is not appropriate.

D. McArthur, Ontario

Just an observation. It comes as a result of the comments on the use of confrontation as an effective means or the only means left. One of the things that has bothered me for some time is that we never hear about the true power brokers, the people that have considerable influence on the government. They do not go on strike to get the government to do what they want. All of a sudden you just find the government one day doing it and I have lamented at times that we do not seem to be able to exercise that sort of power. Whenever we want to have a dramatic change it seems to take place in the public. Everybody seems to know about it, sometimes before we do. I guess I do have a question. To what extent are there avenues open to organizations such as ours to exercise some power and not have it carried on in the public arena?

Dr. F. Henderson, Ontario

I would respond to that by saying that I think one of our weaknesses in the political process is that, as a group, we do not infiltrate the society, never mind the political process. We are not members of Rotary and all these other clubs and organizations. We are not active members at the luncheons where these things are conducted. We tend to feel that we have to be at school and somebody else feels we have to be there too. For those reasons, we seem to have to hit the thing head on because we have not been exercising an informal influence through any other part of our lives.

B. Watson, British Columbia

I would like to take an opposite view from Florence on that. We had some discussion at Western Staff a month or so ago, I raised in the group I was with, this question of how to use the power that a teacher organization might have or might perceive to have. One of the things we decided we did have was a large group of teachers, spread around the whole province in every community and those members are active in community activities. I know that in our province all kinds of our teachers are members of Kinsmen, Rotary Clubs and Kiwanas, etc. We are also members of all the different political parties of the province.

I think one thing we have not done too well is feed them adequate information to use within their political parties and their service clubs, etc., to help them influence other people in the community towards education.

Peter gave us a suggestion, and I think it well worth picking up, a kind of a special information flow that we might set up other than our newsletters out to candidate and constituency offices, etc., regarding education. It struck me as an excellent suggestion because our newsletters are filled primarily with things of interest to teachers with an occasional article of interest to the political people.

If we separated that out and gave them strictly information they could use to get pluses in their debates, then we might gain some more friends.

B. Fraser, Ontario

I have a question that I mentioned to Ralph earlier and it deals with the government reorganization that took place in Ontario starting in 1969 and went through a very elaborate process of rationalizing the process of government. I think that policy science experts have been very busy and have created a magnificent structure of super ministries and policy clusters, decision-making bodies.

I do now know if this is a fair question to put to Ralph, but I will ask it anyway. How effective is that very rational structure that was created in actually governing the Province of Ontario?

Dr. Benson

That really relates back to the whole issue I raised about the rational economic model. Just to review it, the Province of Ontario set up what are generally referred to as super ministries. They are fields, namely the justice policy field, the resources policy field, and the social service policy field which involves health, education, and community and social services.

There are three of these policy fields with a senior minister in charge of each policy field. The whole intent was that preliminary decisions would be taken at a Cabinet level. Let's say we are talking about resource allocation. The decision would be taken by Cabinet that an additional $500 million was available. A certain percentage of that would go to the resources policy field, another percentage to the social policy field and so on. Then at the next stage there would be competition amongst the ministries within the policy fields. Within the social service policy field, in one year, the prime share might go to health, or education or some other ministry.

This is a rational decision-making structure; however, it has not been developed or utilized to its potential.

A. Murray, Ontario

If I could supplement that. I think COGP was the name they gave to it, the Committee on Government Productivity. The Committee was a very interesting one. It was composed almost entirely, if not entirely, of businessmen, big guns from power corporations, Abitibi, etc. They would tell the government how to set it up and run it in a very business-like manner. The thing very rapidly fell apart. It was an absolute shambles. The joke around Queen's Park was that you could tell one of these policy field secretaries because he or she was the guy with the tan.

It petrifies me that the Ministry in Ontario, and probably in other provinces as well is subject to that kind of stuff. Try this model, try that model, fix it this way and that way. Out of it comes the stuff we have got in our schools and you stood up and said it in one sentence Ralph. It is irrational from anything other than a political opportunist viewpoint. We keep pretending that it doesn't matter.

Dr. Atherton

I was just thinking that this discussion of structure which relates to Ontario, combined with my own sort of training as a researcher, suggests to me that there may be some way of looking at this on a comparative basis. We have got 10 provinces and a lot of different structures, administrative systems, and ways in which money is raised and distributed. It seems to me that one could draw up a taxonomy of these peculiar features for resource allocation, distribution systems, governmental structures and set each provincial system into this.

We could then take a look at some of the data which would say to what extent some provinces have managed to hold the line, to what extent some provinces have managed to increase in terms of all sorts of gains.

It might be possible to deduce from this comparative picture which province seems to be doing better related to its own past history. You might then be able to look at some of the structure, both political and allocative, within the province to form a model for a policy development that might be useful for all the client groups. That is right off the top of my head. It needs to be fleshed out.

It seems to me that there is a rather strange unanimity here that regardless of the type of structure, whether you have collective bargaining at the provincial level, whether it is right down at the local level, whether you have the province bearing 100 per cent or whether it is another way, everybody seems to have the same problem. I would suspect that the problem is there in greater degree and lesser degree for some provinces and, I think, it would need to be a study group task to actually get down and find out what the differences were in the rate of progress and the trends to analyse the relationship between that and their administrative and resource allocative system.

D. Byrne, Ontario

Would that not, in the long run, leave us with a hollow structure such as we have in Ontario as suggested by the businessmen in the COGP thing, except we would have created the hollow structure?

Dr. Atherton

I am just suggesting that this is something that one should take a look at before one proceeds to formulate policies and plans for the future.

W. Nightingale, New Brunswick

We have been talking about involvement in the decision-making process in respect to educational finance. It is one of the main principles before us here today. I was wondering if both our resource persons could comment. Do they feel that teachers have any real power in this respect? What is the extent of our power in your opinion?

Dr. Benson

I do not know how to answer that. I intuitively feel that it is quite significant, at least it is potentially quite significant. I really do not know how to address it in regard to the absolute power involved. I had better not even try.

Dr. Atherton

Power is the ability to make somebody else do something which he ordinarily would not do. This is a sort of continuous power relationship. When you have got this all the time then you have got an authority relationship. When you only need to have it occasionally, then you have an influential relationship. But the basic thing is power.

You only know about power when it is exercised. It is no use saying we have got power if it is never demonstrated, because that is only potential power. It is only when the crunch comes that you know whether or not you have got power.

I would say it is not a question for us, as resource people, to answer. It is a question for you to respond to. In your own experience, how many times have you made a group do something that they otherwise would not have done, by whatever device, or mechanism you would choose?

It may well be that you say we have no power because the particular types of demands that were made were quite unreasonable to begin with and having got them slapped down or failed to achieve them you can say you have a lack of power. I think if you can think about what is a rational or reasonable target, taking into consideration all the constraints, if you have made a group of people do something that they otherwise would not have done then you have got power.

I have seen fairly good examples of this power at work in Ontario recently. I have also seen the limits of the power. I think it is something that you can in fact determine for yourselves.

W. Nightingale, New Brunswick

We talked this morning about education finance and collective bargaining and the fact that they are intertwined.

Almost everything that you are bargaining for has a part of a variable in education finance. If you have the right to sanction, and I am talking about power as much as being exercised, certain influences that you try to bring about through representation, through Cabinet and so on, these are ongoing submissions and you have to be persuasive and selling in those types of approaches.

If the financial variable is being influenced by the collective bargaining process, you may have the later right to impose a sanction. I am wondering is there a change in attitude towards teachers going on strike or any other public service going on strike? What is your attitude towards imposing this type of sanction in the exercise of your power?

Dr. Benson

The thing is pretty dynamic. I do not think there is a definitive answer. What might have been successful two years ago might not be acceptable now -- it is a living thing.

Dr. Atherton

I agree whole-heartedly with what Ralph says. I do not think the right to strike really makes that much difference because we have had so many obvious evidences in our national economy that whether or not you have got the right to strike you do it by using the Spanish model and conscripting everybody into the army.

If you desire to go on strike, you go on strike. I think most governments recognize the inevitability of this by giving the right to strike whether they believe in it or any one else believes in it.

There are certain times when it is advantageous to let people go on strike and certain times when it is not. I think that is what Ralph is getting at.

If you consider that type of confrontation a legitimate weapon, you have to remember, as you escalate the power, that in trying to change someone else's behaviour, for every action there is an equal reaction. So, while you are working at a lower level influencing through a more diffused political process, the loss of morale and power that accompanies failure does not become obvious. If you are right up at the top and you put everything into really harsh confrontation action and you get beaten, then you are worse off then you were before you started. That is a political judgement that you have to take by doing it.

SOME SPECIFIC PROPOSALS FOR BUDGETARY REFORM* (Group Discussions)

GROUP ONE

CHANGING THE PARAMETERS OF PROVINCIAL FINANCIAL SUPPORT

REPORT BY

DR. MURRAY JAMPOLSKY
Chairman
CTF Advisory Committee on the Economics of Education

My group dealt with changing the parameters of provincial financial support. We discussed several things and I will just go over my notes very briefly to see what we concluded.

There was immediately unanimous agreement that any length of commitment of a government would, of necessity, be very limited, probably no more than a year at a time and certainly no longer than the next election. So, in terms of a provincial commitment there is little one can expect. Their level of support should be some form of a constant that one could interpret, but across the country there are so many different formulas and schemes in effect that it was difficult to come up with a consensus. For example, there is 100 per cent support of New Brunswick, 70 per cent support in Alberta, 50 or 55 per cent provincial support in Ontario. There appears to be quite a dichotomy on the question of whether it should be 100 per cent support or 50 per cent support.

The next problem was to define the basic educational commitment to which a government should be committed. What is basic education? Is it an average of what the cost actually is, or can we try to define basic education? Léon Laforest told us of some of the problems they are having in New Brunswick in trying to grapple with that very issue. We tried to deal with the problem of meaningful involvement on a local level without the responsibility of taxation. We keep talking about local responsibility, local involvement but, of course, this begins to dissipate the moment that a province begins to assume the larger share of the burden. What is left of your local autonomy for local politicians? This has to be considered at some point.

We considered the problem that, within a province, educational spending is in competition with other services; welfare wants a bigger part of the pie than education and highways and so on. We might say it is not our problem but it is certainly part of the parameters of provincial spending.

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*Proposals made by Dr. Peter Atherton in his paper for the CTF National Conference on Financing Education, Quebec City, February 1975.

I think we agreed it would be difficult to work on a particular concept on a national basis. There was a recommendation that we try to do something across Canada on property taxation and what it means, but it was felt that there would be extreme difficulty in coming up with anything nationally that would be meaningful on a provincial level.

Bob Gordon brought up the need for differentiating between the equity of financing which is not the same as equal opportunity for all students. We sometimes talk about equal opportunity for all students then we shift into equity in financing and there is a dichotomy there.

The following question was asked and B.C. said categorically "no" as usual. Teacher organizations argue for funding on qualifications and experience and then there is the problem of hiring people with better qualifications, more experience and, of course, eating up a big share of the pie. Should their funding be based on teachers' qualifications and experience? Mike Midzain felt that this in B.C. simply did not work.

We had consensus that any and all formulas cause problems. It didn't make any difference whose formula we talked about across Canada, there was a problem with that formula. We could not come up with the formula that would work. We'll leave that until next year.

We came back to what appears to be the theme in the last day-and-a-half, the political ramifications and what appear to be attempts by all governments to put rigid controls on spending. We are, of course, the largest spender in any provincial budget and we have to face the issue that it is not based upon quality education. It is based upon the levels of expectation, of a government, the public, and the teachers. Our recommendation is that since the problem is not solved, next year's conference should deal strictly with the political aspects of the problem rather than the economic. However, that is just a facetious ending. I am sorry that we couldn't come up with something a little clearer and definitive.

GROUP TWO

REAPPRAISAL OF THE SYSTEM OF TEACHER REMUNERATION

REPORT BY

DAN MCARTHUR
CTF Advisory Committee on the Economics of Education

The topic discussed in Group Two was that of reappraising the system of teacher remuneration. We reviewed the present process and felt that a fair statement was that presently remuneration packages are based on scholarity and experience. The scholarity, or categories, may include as many as six or seven levels and the other factor, experience, might be recognized in a range upward of nine to fifteen years of experience. While there may be other peculiarities such as recognition of positions of responsibility, generally the grid or matric approach seems to prevail.

We then considered alternatives. One alternative was a merit pay approach which has been tried in various jurisdictions. Discussions centred around the attempt in Metropolitan Toronto to maintain such an approach to salary scales. It has been discontinued. The assessment was that it became costly in its second and third stages, while in the initial stages you had large groups benefiting from it with the estimates ranging up as high as 95 per cent of the teachers who were on the first stage of merit pay. The next problem would have been the means of selecting the 65 per cent or 50 or 40 or whatever who progress to the second stage and the very small percentage who achieve the third stage. It was a way of putting extra money into the package but it had administrative problems as well as total cost problems.

Another proposal that had been tried, although not described in great detail, was that of CEQ. CEQ developed a single scale which included qualifications and experience, where one progressed in some predetermined ratio depending on whether it was years of experience or qualifications.

Another variation discussed was the validity of providing a separate scale for technical and vocational teachers in the secondary system. There was some discussion here based on the assessment that there is a shortage of technical, vocational and commercial teachers which might be grounds for having a separate scale. Later on in the discussion, the point was raised, however, that you can have shortages of teachers in a variety of areas. Ontario, in the not too distant future may well have a shortage of primary teachers. The consensus appeared to be that where shortages do appear, possibly these shortages can be used to achieve better salaries in that particular area, while also trying to improve salaries throughout the whole spectrum of teaching specialities or teaching areas.

Finally, a very modest variation is to compress the grids as we now know them, both horizontally and vertically. One of the problems cited was in attempting to reduce the number of categories recognizing scholarly activities or academic qualifications. People at the higher levels of qualifications, having done various extra-curricular studies, become concerned that they have had to conform to this pattern and now others seem to be getting something for nothing. When you attempt to compress the grid in terms of number of years you hear the concern that, "Well I won't get a raise next year, I will be at my maximum." There was a feeling that people like to get a raise as well as the general upward movement in the salary schedule.

The issue was raised of the validity of the salary schedules now seen in Canada and the question that Peter Atherton posed last year in his paper to this Conference, concerning the value of a teacher in one classroom with one set of qualifications and experience vs. the teacher in the next classroom doing the same job. It was concluded that our present system of remuneration is a function of encouraging people to acquire experience and to improve their qualifications, not primarily an attempt to reflect the level of service in a particular classroom or in addressing a particular group of students. Following up on that someone mentioned that the present system of remuneration is not an economic model but rather a political model, to attempt to address itself to the needs of the teachers who express themselves internally and externally in a political fashion.

If there were any consensus as to where we go from here it was, in spite of the problems, to shorten grids, if not to reduce the number of categories. Discussion here resulted in suggestions of a scale ranging from as few as two years from minimum to maximum, based on the model that you see in other public service activities to somewhere in the range of ten years. A brief presentation was made about findings a few years back in terms of college graduates in industry or semi-industrial, governmental organizations, pointing out that they seemed to achieve their career salary in ten years while at the same time teachers were taking, at that time, 15 or 18 years.

GROUP THREE

HIGHER DEGREE OF LOCAL DECISION-MAKING IN RESOURCE ALLOCATION

REPORT BY

BRUCE WATSON
CTF Advisory Committee on the Economics of Education

Our group looked at a higher degree of local decision-making in resource allocation. We came to the conclusion that in each of our provinces we are at different levels of background and progress. We did agree that, in order to have an influence on the education budget in the province, we must exert a greater influence at the local decision-making level. There must be teacher and parental input into the budgets if we are to influence the total amounts.

We picked up Ken Gilliss' idea and would suggest that we must have local association education finance committees so that we have members in our local associations who understand the complexities of whatever formula is in existence and can speak the same language as the officials of the board, thereby being familiar with the intricacies of the system.

We discussed, for a while, the possibility of allocating resources at the school level; by getting a lump sum granted to the school itself. The group agreed that this was unsuitable as far as staff was concerned, and some members of the group indicated that teachers were not particularly anxious to get involved in deciding who would get what type of supplies and materials at school. Teachers do not wish to become involved in a trade-off among themselves or between each other, in making those decisions.

However, we spent considerable, very useful time discussing the situation in Quebec with its school councils, student councils and school committees. We understand that there is a democratically elected student council in many of the schools in Montreal. By law, there are school councils in the schools in Quebec with membership of teachers by election; principals are members by law. In addition, there is a school committee which is set up by law, on which the principal and a teacher sit as advisors and which represents the parents of the community. I understand they meet in the fall as decided by the principal and from there on they organize their own meetings. The school committees which are parental, operate through a central parents' committee in the school district. The school committee may go directly to the board on matters which it wishes to take there, or more preferably, to the central parents' committee.

The school councils are, in effect, self-financing in that they operate within the schools so the cost is the time of the teacher and principal and secretarial assistance. The school committee, which is parental, is funded from the central government. It is a cost, in that respect, to education.

As Susyn mentioned, although these are all structured and working well, the parental committees are not working very successfully in the Montreal situation. There was some concern expressed by members of the group that teachers are frightened when they are first involved in parental committees. They are alone among a group of parents, any of whom can constitute a pressure group contrary to what the teachers of the school may be pursuing.

We also had a brief discussion about teachers serving on school boards. There were differing opinions; some think it is a proper position for teachers to have because in addition to being teachers they are citizens and parents in the community. Others felt that teachers should influence from outside and be a party to the selection of good candidates for school boards who would be sympathetic toward the teacher cause.

TEACHER INVOLVEMENT IN THE BUDGETARY PROCESS

SUSYN BORER
CTF Advisory Committee on the Economics of Education

The topic that I am going to be speaking about is teacher involvement in the budgetary process, first of all at the board level and then at the school level.

One of the reasons that the Montreal Teachers' Association became involved in budgets at the board level was that every time we tried to implement a new program or enlarge a program, our board kept telling us there was no money available. The money was tied up in "nontransferable envelopes" as they put it and rather than dispute the merits of the program they just told us that they didn't have the funds but they would have supported us had they had the money. The second reason for getting so deeply involved in budgets was, in Quebec we have pupil-teacher ratios and a board must hire, by September 30th, the number of teachers arrived at by the calculation of the ratios. Within our board that was approximately 2,650 teachers. But, we had a negotiated agreement with the board which said that the board could hire 2,602 teachers and the 48 remaining bodies, so to speak, would instead be hired as librarians, guidance people and certain special education teachers, supposedly not authorized by the Ministry of Education.

These were the hard facts that our board gave us and if we didn't agree to this arrangement all the librarians would be fired, three-quarters of the guidance teachers would be fired and our special education services would be cut down to nothing. So, being the good samaritans that we were, we agreed and wrote it into our local agreement.

However, I came to work for the MTA in 1974, the first year that we had elected commissioners in Quebec. They were appointed before this. A former teacher working for the Protestant School Board of Greater Montreal who had resigned the previous spring had run and won in the elections. So, he became our supposed liaison and through him we were able to obtain documents which we had previously requested from the board but had never received. He gave us certain information which, after careful examination, revealed that the board had literally lied. There were no such things as inadmissible librarians, and inadmissible guidance and inadmissible special education teachers. The point was the school board didn't want to talk to Quebec City to get the authorization; it was much easier to negotiate something with us. When we presented them with the facts they were rather embarrassed and said they had misunderstood, but since the Director General is French-speaking, that was hard to believe. The clauses in our local agreement, which necessitated what we called the "carrying charge" of these 48 teachers, were removed.

The other problem encountered was at the school level. Again, whenever a group of teachers met to implement a particular program, such as student activities being scheduled into the pupil timetable on a particular afternoon, or every second Friday, the principal, as an exponent of the board, rather than denying that student activities were a viable program within the timetable, would agree but refuse funds to operate a program. The suggestion was to think of something to do from 9:00 a.m. to 3:30 p.m. that would not involve money and do it. Of course, that was impossible. Through our liaison we managed to obtain certain information showing there were literally hundreds of accounts available at the elementary and secondary level. The money coming from Quebec is what we call a transferable situation. Quebec will give you x amount of dollars and you can spend it wherever you see fit. But our board had imposed what they called nontransferability sanctions on each account. You got x amount of dollars for home economics and if you didn't spend it on home economics the board took the money back.

They purposely did it in this way, because if you lacked the personnel or teachers of the programs they could then take the money back and funnel it into administration. So, again, through our source we were able to get a copy of a document which literally read like a Swiss bank account. It was unbelievable, just four numbers after four numbers, no explanations, just numbers. We confronted them with the evidence that we had copies of their accounts, we knew the money was all transferable, that these were just board imposed sanctions, and, through lobbying and through pressure finally we were able to negotiate a full range of clauses on budgets at the school level.

In Quebec we have what is called the school council and that is the body composed of eight teachers and one principal. That is basically the body that is responsible for making recommendations to the principal concerning educational policies, disciplinary policies, general school policies, personnel, etc. Written into our local agreement was a description of the various accounts that are available to the school, clauses which compel the principal to divulge at the first meeting in September exactly how much money is available in each of these accounts on a per capita basis, the type of purchases that can be made, whether through the board's own system or externally, including educational equipment, furniture, and audio-visual material. (See Appendix I.)

In addition, a principal at various times during the year must inform the council how much money remains in the account and no later than April 30th of the school year inform the school council of the money that will be available for next year in terms of planning the programs. Our former teacher trustee supplied us with enough material to put together a very extensive document which showed that our particular board had taken 40 percent more than what was recommended and put it into administration. We had the most district superintendents, assistant district superintendents, regional directors, assistant regional directors than any board in the entire province of Quebec.

We held a press conference and received good coverage because it was literally the first time in the history of the Protestant School Board of Greater Montreal that any facts and figures about their budget had ever been made public. The press wrote an editorial congratulating us for finally getting the figures out in the open.

In the past the school board would meet in committee of the whole to discuss all the parameters of the budget. Then, when they came to the open board meetings somebody would move that the budget be adopted because all motions must be passed in public. Somebody would second it and the Chairman would say, is there any discussion and, of course, there was no discussion. Later, a very generalized statement might be issued to those people requesting it. The figures were so general and the headings so all encompassing that there was absolutely no way that you could decipher exact costs. We found directors of personnel hidden in the student services account and consultants hidden in another account, and we found approximately another $700,000 worth of administrators tucked in here, there and everywhere. As we brought these facts forward we had certain items removed from our local agreement. We ended up with an additional 29 teachers hired and put into the classroom. Because we have received these documents from other sources the board has been a little bit more forthcoming. It may take them a couple of months to send us the information but they know we will eventually get it from somewhere else.

We are still dissatisfied with the way they are allocating money but we know exactly how they are doing it. Not only do we complain as a teachers' union but we get our school councils involved in the issues; they write to the board complaining about the very same things. In many cases budget cutbacks have been reversed because the complaints have come not only from what they call the propaganda level but from the grassroots level. That has played an important part.

QUESTIONS AND DISCUSSION FOLLOWING

SUSYN BORER
CTF Advisory Committee on the Economics of Education

A. Murray, Ontario

Did it occur to your group to take the trustees to court for dereliction of duty, commiting maladministration, lying or something?

S. Borer

We approached our lawyers concerning whether or not the school board had breached certain rules of the education act, etc., in discussing things in committee of the whole. We were told that there was a possibility that we could get writ of mandamus out against the school board causing them to discuss things in public. Our lawyers wrote to them and informed them that if the procedures did not change we would seek a writ of mandamus in the Quebec courts. Because of that they then brought forward their motions to open board meetings, but you could not make them discuss things in the open. This past May when they brought down their budget they did actually discuss certain items openly for the first time. We went to grievance on one of the items that they obviously had discussed in secret, moved and passed, and the school board had not consulted with us as a union or negotiated certain things with us. It appears as though we will win that grievance but it is still in the courts right now.

A. Murray, Ontario

What about the actual lies from the principals. I don't mean their procedure as much as the fact that they were established as having misrepresented fact to the public, presumably directly through what they had told the teachers?

S. Borer

It had taken place over so many years. Some of the principals were gone, some of the teachers were gone and I think we were more concerned at that point in getting certain clauses into our agreement and getting other ones out rather than get into a personality conflict.

T. Gaskell, Nova Scotia

Regarding the principals, you stated that the school councils had eight teachers and a principal. I wasn't sure whether you said they made policy recommendations or set policy.

S. Borer

They set policy recommendations; that is their legal function. In some schools the principals prefer just whatever council recommends.

T. Gaskell, Nova Scotia

When you say policy recommendations, do you mean recommendations to the principal first?

S. Borer

Yes.

T. Gaskell, Nova Scotia

Does he have the power of veto?

S. Borer

No, he does not have the power to veto; he has the power to tell the council that he personally does not want to carry out that particular recommendation and the council then has an appeal procedure in which they can go over the principal's head. They may appeal to the regional director. In most cases the appeal procedure has worked only because the principal has changed his opinion after realizing that the school is serious about the proposal, unless it is something he knows to be blantly in contradiction of an education act or a board policy. In those cases where the principal has remained adamant and it has gone to the regional director, it became more a matter of politicing and lobbying. Parents have been brought in to support the teachers, frequently persuading the board to allow the recommendation, but there are definitely cases where we have lost.

T. Gaskell, Nova Scotia

Is the channel from the regional director and then to the board?

S. Borer

No, after the regional director, we would then appeal to the director-general of the board and after the director-general, to the board. This example happened in a particular inner-city elementary school where they wanted to implement a continuous progress type of program from pre-kindergarten to the end of grade three. Students were not grouped by grade and every teacher knew about every child and a certain amount of funding that was necessary. The board's officers were opposed to the program because it was not initiated by them. In this particular case the superintendent of curriculum had another plan that he wanted to implement. The teachers appealed to the superintendent, and were not satisfied. They appealed to the director-general and he said his hands were tied. They called in a group of commissioners, explained the program to them, and the commissioners were overwhelmed by the possibilities of the program.

Because of that, a commitment was made to the teachers to move a motion that adequate funding be provided for this program.

The motion was passed but it did not stop there. The officers who were responsible for dispensing the money, etc., had a few problems with red tape, lost letters, etc., and the teachers involved came back to every board meeting for four months until they finally got the funding after causing sufficient embarrassment that the Chairman of the school board invited the teachers to the fourth floor which, is considered the height of aristocracy. They were finally given the letter, handwritten by the Chairman, so that no mistakes could be made. That took from March to June.

B. Watson, British Columbia

You mentioned, Susyn, at the end of your talk that the board is now more cooperative. But, are you still dependent upon a friend on the board to give you documents or are the documents issued as a matter of course?

S. Borer

The documents are now issued as a matter of course. However, we find out from our friend that they have to take an oath at the beginning of their term, promising not to divulge any of the information that they discuss.

M. Midzain, British Columbia

Susyn, is the main thrust of your representations to keep a very devious board honest and redistribute the money that is already there? Is there any ability to increase the resources at this time other than through the contract negotiations and the agreement?

S. Borer

There are certain options available to us through our contract. A board and a union can make representations to the government for either additional teachers or additional resources for certain things. It has been used in some options but has never been used by the board in terms of seeking additional teachers.

TEACHER INVOLVEMENT IN THE BUDGETARY PROCESS

KEN GILLISS
CTF Advisory Committee on the Economics of Education

In dealing with almost any topic, but particularly with this one, the pragmatic panelist must draw upon his own experience and consider the topic in the light of developments in his own province. I hope, then, you will forgive me if I appear parochial in my remarks, since they are coloured by what has happened and is happening in New Brunswick.

At national education finance conferences in the past reference has been made to the centralized system of education finance practised in New Brunswick since 1966. All taxes are levied provincially and all costs -- with very minor exceptions -- are borne by the province. The purpose, of course, was to provide equal educational opportunity to all children in the province, regardless of the wealth, or lack of it, existing in any particular school district. Although teachers had some initial reservations about how well the system would work -- in particular, reservations about a single salary scale applicable to all public school teachers -- the system has proven itself sound and the overall quality of education has improved dramatically. There is no way, in my opinion, that thinking New Brunswickers would turn the clock back to the days when school districts had considerable local autonomy, but in many instances, practically no fiscal ability.

Teacher Input

Teacher input into the budgetary process, though, has been limited. The greatest input has come through the collective bargaining process, whereby teachers have negotiated, not only conditions of employment for themselves, but also learning conditions for students. In addition, the teachers' organization has pressed at both the provincial and the local levels for various improvements in the quality of education, thus directly and indirectly influencing centralized decision-making concerning overall educational expenditures. During the past few years the teachers' organization has critized provincial attempts to cut back on the number of teachers and has gained substantial support from the public as represented by the media, the official opposition and a number of boards of school trustees. Although some cutbacks were implemented, they were far less severe than those originally anticipated by the Provincial Government.

Last year it became abundantly clear to the New Brunswick Teachers' Association that an ad hoc approach to education finance by teachers, that is, reacting to crises as they arose, was inadequate. Consequently, the Association established a standing Education Finance Committee, charged with studying and reporting on education finance. The first recommendations made by this Committee to the NBTA Board of Directors, and endorsed by the Board, were: (1) "That every NBTA Branch be encouraged to establish an Education Finance Committee designed to ensure

teacher input in the development of the school district and the school budget", and (2) "That each Branch Education Finance Committee develop liaison with its local Board respecting the educational and financial needs in each district."

The Committee also had a mandate to report on the nature and impact of social and financial factors affecting education in the province and to make recommendations concerning the development of a strategic plan to influence government education policy; ensure meaningful teacher consultation with the Trustees Association, the Department of Education and Treasury Board; and make the public aware of the gaps which exist between educational goals and objectives and their practical (financial) application.

Provincial Change

Before the Committee could adequately come to grips with its task, the Association became aware that the Government was contemplating substantial changes in the realm of education finance. Consequently, our Executive Committee sought meetings with the Minister of Education, Minister of Finance and Chairman of Treasury Board for information and possible input. Although some meetings were held, we could not penetrate the wall of silence concerning policy changes which would affect education and, more particularly, the effective financing of education. About mid-January we learned, through a statement made by a minor official of Treasury Board in a television interview, that our fears had been far from groundless and that major change was in the offing. We were also aware, of course, that the Premier, in commenting on the so-called anti-inflation program last October, had hinted that education and social welfare costs were increasing to an alarming degree. Moreover, it was becoming clear that Government priorities had already been shifting from social expenditures to economic expenditures, in an attempt to generate work and revenue.

Our Association requested an immediate meeting with Cabinet, but since this could not be arranged, forwarded a brief asking a number of pointed, specific questions about the anticipated "Global Budgeting" or "Formula Budgeting" plan and what its real effect would be on educational expenditures. This brief was also released to the media, which supported the basic contention of the Association that teachers, school boards and the public had a right to know and be consulted about substantial change in financing education and could offer constructive suggestions for desirable improvements.

One point I did not make but probably should make is that there was speculation by teachers that the Government wanted to avoid the annual confrontation with teachers (and sometimes school boards) over cutbacks in teachers, programs or facilities. In fact, an official of the Department of Education was alleged to have indicated this in a press interview some time ago.

In any case the Minister of Education finally met with the New Brunswick Teachers' Federation Board of Directors and outlined the Department and Government rationale for the new "formula budgeting" program. The major reasons offered were:

(1) The present system is not allocating resources equitably... the gap (between per pupil expenditures from the highest to the lowest districts) is widening and the new budgeting formula will provide greater equality.

(2) The Government pledged itself (in the last election campaign) to place a greater degree of education decision-making power in the hands of the local citizens and authorities.

The Minister then introduced data showing that in 1967-68 (when centralized financing was implemented) the difference in per pupil expenditure between the highest and lowest districts amounted to $130.86. This declined to $85.57 in 1970-71 but since then increased rapidly to $355.06 in 1974-75, the last year for which audited figures are available.

Naturally teacher representatives asked a great number of questions and made a great number of comments. Among these were: Since the gap which was closing when the present Government came to office has widened since, bringing about what the Minister deems to call inequities, why could the Government not have made the necessary adjustments without placing the whole system in possible jeopardy? The reply -- But that wasn't our only reason. We also wanted to give more authority to local school boards.

Why were the two pilot projects on Global Budgeting, recommended in a report entitled "Education Tomorrow" and announced by the Minister last year not carried out? The Minister wasn't entirely sure, but he believed that one district withdrew because it could see no advantage in the concept and the other district was not really encouraged to go ahead.

What is included in the costs which vary so widely from district to district? No definite reply.

We note that a table shows wide variation in the mean salary of teachers from district to district. Since we operate under a single salary scale, this has to represent wide differences in the qualifications and experience of different teaching staffs. Is this an inequity? Do not some districts have much higher costs than others because of necessary transportation differences? Are capital costs included? If so, there would be a substantial difference between districts where new schools are being built and those where no new construction is going on.

The Minister's suggestion that to remove the inequities would require a slowing in growth of those districts with higher per pupil expenditures and an increase in those with lower, was seriously questioned. In addition, the plan would assess a penalty against any district which exceeded its budgetary allotment under the formula by decreasing successive budgets accordingly. Obviously greater authority for school boards and local citizens was to be kept well within the bounds dictated by "available funds".

The formula would exclude capital, plant maintenance, transportation and a few other costs, because of the variability of these requirements, and would be based on a weighting of 1.0 for elementary students, 1.3 for junior high students and 1.5 for senior high students. In addition, three other factors would be attached to the weighting system -- bilingual districts, districts with minority language students and districts with schools of four classrooms or less. Adjustments to the average would be made over a number of years by increasing the amount to districts with a low per pupil cost and decreasing the amounts to districts with a high per pupil cost. The number and quality of the teaching staff would be the sole responsibility of the district.

Oh, yes! The Department is working on definition of a basic education program and hopes to determine this soon. When the program is defined it may affect the per pupil unit amount and may require future adjustment in the per pupil allotment. In addition there may have to be additions for special groups.

As you may have guessed, the NBTA followed up this briefing with another submission to Cabinet. This time, much to our surprise, we received an audience on very short notice. We pointed out a great number of our concerns, released the submission to the media and again received good coverage. (Thank God we are not currently in negotiations.) The Cabinet told us that we would receive an appropriate reply in due course. Naturally we focussed on the main point of contention -- that school boards will be forced to be "accountable" for an inadequate educational system resulting from inadequacies in the funds "available". We have already seen our municipal councils suffer from a similar system of "formula budgeting" which often restricts budgetary increases to a level which requires a reduction in services, and we suspect that we will see the same thing occur in education.

Teacher Involvement at the Local Level

To come back to the local branch situation, we are sure that our local education finance committees will have their work cut out to convince both their boards and their fellow taxpayers that the Government is involved in a "constraint program". Remember that many school trustees have been crying for meaningful participation. Remember that many detest the collective bargaining process which forces them to accept centrally negotiated conditions of employment for their teachers; remember, too, that in our province many members of school boards are

Government appointees, whose allegiance (?) lies not with their "constituents" but with those who appointed them to office. To ensure their "power" they may be prepared both to sacrifice their employees and to short-sell their fellow citizens.

There is no way our professional association is opposed to progress. There is no way we are opposed to equality of educational opportunity -- an expression which we coined in the fifties and pressed government to accept in the sixties. There is no way we will accept the idea that inequality of either access to or profit from education is reasonable. Moreover, we cannot accept the premise that equal dollars per student results in equal educational opportunity. We strongly suspect that our political leaders are not slow learners and are rapidly endorsing those measures instituted elsewhere in Canada to restrict educational expenditures. (What a Godsend the Anti-Inflation legislation has been to all provinces.)

Immediate and Long-Range Tasks

1. Involve citizens in education. We cannot afford to work in isolation.

2. Inform the public and counteract the anti-education climate which is developing.

3. At both the provincial and the local level bring our energies to bear on wasteful and unproductive practices. Some of these in our province have been spawned by over centralization, which local control can correct. Others result from bad decision-making, which teacher input could help overcome.

4. Re-assess both educational and financial goals and objectives, concentrating on what our educational system can and should do as well as what it can't do and shouldn't try to do.

5. Insist on maintaining the acquired rights of teachers and press for improved rights for the young and indefensive, who have no political power.

Although I have concentrated on immediate problems facing us in New Brunswick and have seriously questioned what the actual effect of a new budgetary system will be, I don't want to leave the impression that our teachers' organization is a strong believer in the "status quo". It isn't. At the same time, however, experience has led us to believe that it is necessary to question change and to probe stated reasons for change in order to determine whether these are the real reasons and whether they are valid. In our political system, democratic as it may be, it is always frustrating to attempt to influence decision-making. Governments can successfully keep the voters in ignorance by making their plans in secret in the name of not permitting outsiders to be privy to matters which can only be presented in the Legislative Assembly.

Somehow this has to change and meaningful consultation prior to the introduction of legislation must occur. Likewise at the school district level, teachers must become involved in the budgetary process. Too often only the school principal is involved -- and usually such involvement is minimal.

Involvement, however, demands responsibility and removes the luxury of complaining that "they" did a poor job. Consequently, many more teachers need education in the field of education finance and they need heightened awareness of the direct relationship between educational goals and priorities and available finances. There is some justification for the criticism that teachers often promote expensive practices without considering their impact on the school, the district, or the provincial budget. All this implies that many teacher organizations will have to devote more time, effort and finances to the development of budgetary expertise as well as to the promotion of good educational practice.

I believe that teacher organizations must lead the way to ensure that there is quality in education and that authorities at all levels accept responsibility for investing adequate amounts of tax money in the development of our human resources. Education is still a good investment, regardless of what some people may say to the contrary; but we must re-impress this fact upon both our own members and the general public.

QUESTIONS AND DISCUSSION FOLLOWING

KEN GILLISS
CTF Advisory Committee on the Economics of Education

F. Mandeville, Ontario

In your last statement you say that you are proceeding with all kinds of activities to get public concern. Could we have two or three examples of such activities please?

K. Gilliss

In our local media one of our star performers recently has been our NBTA President, Ross MacCallum, who is here. He has been getting considerable coverage by the media. We have been finding out exactly the budgeted amounts that are available and we are encouraging our teachers at that level to discuss with the board the real implications. The sad thing about it all is that the boards were very, very naive. They were looking for responsibility, but how do you become responsible for operating an effective system of education if you have no control of the finances that you receive? Remember, it is not just the Ontario situation of levels; there is no taxing ability whatever at the local level and there will not be.

In addition, from the collective bargaining point of view, as Wayne Nightingale indicated yesterday, we may find ourselves in the situation where we can come up with a beautiful provincial agreement which would be completely impossible for the boards to administer unless they got rid of about half of the teachers they have. We are going to have real problems the next time we negotiate because we have to walk the line between getting justice for our working teachers and making certain our own members are not put out of work. We are still hopeful that we can create the kind of public pressure that may cause the government to reverse its decision.

Dr. Jampolsky

You say no taxing or just fixed taxing at the local level?

K. Gilliss

No taxing for education.

B. Fraser, Ontario

I don't understand how they determined how much money each board got prior to the present system?

K. Gilliss

The provincial government had a budgetary guideline which the board applied. The major factor in the operational budgets of the school is teacher salaries and other staff salaries. The boards would estimate the number of teachers they needed and the number of other categories and apply the numbers to the various scales negotiated in the case of a teacher by the teachers' federation, in the case of other employees by CUPE. The biggest factor was pupil-teacher ratio, which to me is nothing but a budgeting formula to try to reduce the number of people you employ as teachers. It has no real educational meaning. The board would prepare their budgets in the fall, then present it to officials of the department and Treasury Board, justify their budget, and have it allocated. Sometimes the better informed and more competent board people presented their case and got additional money. Otherwise they just took whatever the government offered. There is another factor I should have mentioned in terms of the new formula budgeting; if the board should over-expend in the coming year then its budget will be decreased in the subsequent year by any amount over-expended in this year. They are projecting from last year's situation and this is what it amounts to. The initial reaction of boards is: we have x dollars left, that means we are going to have to cut y number of teachers. There is so little difference between the total operational budget and the budget for the salaries that, this is what they will have to do unless they can get those budgets changed.

D. McArthur, Ontario

I take your point that it is unlike the Ontario model because there is no property tax for education at the local level but so many of the other features that you describe, particularly the last one, strike home. It is the Ontario model with a few variations. Is there any evidence that the architects of this recent plan visited other provinces or did they dream it up all by themselves?

K. Gilliss

I strongly suspect that our government people are not slow learners and that they have direct pipelines into the other provincial situations. Although I have no way of confirming this, I suspect that meetings of the Council of Ministers are devoted either in full session or in private session to this kind of thing. Anything bad in education rapidly spreads across the country. Anything good takes a long time to permeate the system.

D. McArthur, Ontario

In Ontario, having been through a system such as this, they have recently claimed that the local boards have become irresponsible and approved salary scales which the provincial government cannot afford. I wonder if that might take place in New Brunswick five years from now?

K. Gilliss

That is possible. But we have such extremes of fiscal ability, as I indicated earlier, there is no way we could have operated a reasonable educational system based on the old idea of local ability to pay. They could conceivably try to force that situation. There is a parallel to the situation where the federal government has been encouraging the provincial governments to raise money and face criticism from the taxpayer. Our own provincial government may well be taking the same tactics in respect to local school boards which would put us back at square one prior to the '67 change.

S. Borer, Quebec

In Quebec we have a provincial salary scale and a provincial set of ratios. Once the ratios are applied and a board is, for argument sake, allowed to hire 3,000 teachers the government will pick up the tab for whatever the cost of those 3,000 teachers is. If a board happens to hire 3,000 teachers with Ph.D's and 15 years of experience they will get the money to cover that, whereas, if another board happens to hire 3,000 teachers with one year teacher training and no college degree and first year experience then they will get that amount of money also. They are just given the exact money to cover the qualifications of the teachers they hire.

K. Gilliss

That is true in our province also and has been so up until now, but it could well be given dollars based on the provincial average per pupil, and you notice they are talking about slowing the expenditures of the districts that have the high per pupil expenditure and increasing the rate of those with a low average. The difficulty is built into the average cost in the district. The initial figures they came up with included transportation per pupil cost. Now we have adjoining districts where transportation is not a factor at all or a very minor factor, and in the next district it is a very major factor in the school budget. There is no equity in providing equal numbers of dollars without regard to programs. Nobody in our government can tell us what a basic education program is. It is something that changes all the time. That is going to be a factor on future budgets of boards but since no one knows what is in a basic education program it is pretty hard to apply it scientifically.

B. O'Driscoll, Newfoundland

In the New Brunswick provincial agreement a measure of protection is ensured for teachers particularly concerning the layoff clause which I suppose would simply order that people would be laid off if they have to be. First of all, have the boards or the group that represents boards, taken a position against this change? Secondly, what involvement did the boards have in the negotiation of your provincial agreement; do they have a real say or is it just a token one?

K. Gilliss

As I maintained earlier, the school trustees' associations have been rather naive in our opinion, but we have held meetings with representatives of that organization and I think they realize that the teachers forecast of chaos is proving to be accurate.

B. O'Driscoll, Newfoundland

Does that mean that they supported the government position initially?

K. Gilliss

No, they took no position. They waited to find out how much money they would get. I think they now realize that we were legitimately making a fuss. There has been a fairly limited involvement in negotiation by the trustees. They had two representatives on the negotiating team of government but again they appeared unconcerned. We suspect that, in future, if we negotiate provincially, given the new situation they would very likely insist on strong representation in those negotiations and would be very tough on anything concerning the learning conditions that might restrict local operations. That could be another factor in our next round of bargaining.

A. Murray, Ontario

In the Globe and Mail this morning it stated that the Ontario Economic Council is proposing a two-tier system, provincial bargaining for Ontario with provincial scales, plus an optional allowance from local boards who wish to increase these salaries. How much attention we should pay to that I don't know, but this is their great scheme. I had a long talk with Hatfield in a restaurant approximately two years ago. He was very aggressive towards teachers and I was really surprised, because having seen this fairly gentle looking guy on television I did not expect this. Have you any idea of the motivation for this most recent change? If you have local tax problems, equalization is obviously the way; it is obviously provincial funding so why the big change in what was a great new scheme two or three years ago?

K. Gilliss

Peter Atherton expressed the view that in all of the provincial governments they are taking a very close look at education. Governments have been giving all kinds of money to education; education is not productive in terms of creating jobs and in generating tax monies and therefore they feel more of our efforts should be channeled into economic development in the province.

Of course there could be another factor. I suspect our government sees the writing on the wall and is getting prepared to put the money to its friends before it gets kicked out of office in the next election.

Whether they rationalize that or not is another matter. There is no question that the forces that want money spent on economic development programs rather than on social programs are having more power in the governing bodies than they use to have.

M. Midzain, British Columbia

In view of the problems that you described to us this morning, do you still say that full provincial funding is the best system or merely better than what you had? It may be good for you but not necessarily for everybody.

K. Gilliss

There is that difference. When I say that something is good I have to say it from my own perspective concerning my own province. We have no quarrel whatever with local responsibility for boards; but, there is no question that our government deliberately put forth this program on the basis of equity when it was definitely putting it forward in an attempt to restrain expenditure.

From the point of view of equal opportunity you have to be able to get monies to operate a decent school system. The provincial level is the best one for our province because there has been no real change in relative ability to pay in various areas; some areas are growth areas but a lot are fairly stagnant. With the high unemployment in New Brunswick the poorer areas constantly keep getting poorer. Centralization, as Louis Robichaud outlined it as he saw it last year at our Quebec Conference, is the best thing for our province. We have to get a lot of political action at all levels in order to make that provincial government cope with the needs of the citizens in education.

TEACHER INVOLVEMENT IN THE BUDGETARY PROCESS

NORMAN ORNES
British Columbia Teachers' Federation

My comments are strictly based on the Vancouver situation since that is the only area in which I have had any experience, and I consider that the budgetary process in education is primarily a political one which also seems to be the message of the last two days.

From the teachers' point of view, there are three levels involved. There is the local level which really involves the local association activity, there is the provincial level which involves the provincial organization and there is the national level which involves the CTF.

When teachers get involved in the budgetary process there are some concomitants that should be present. The views expressed as part of that involvement should be representative and reflect agreement in the pursuit of common goals. They should be based on knowledge of the budgetary process, of the decision sets -- what are the timelines and who are the participants? With respect to the participants I think that should be fairly detailed knowledge. They should also be able to apply persuasion from a variety of directions, and realize that there is very severe competition for scarce resources, with pending and indeed successful invasions by related yet competing forces.

Those who are involved need understanding, patience, tolerance and the ability to persuade, particularly from a long-term perspective. I think involvement requires that teacher representatives understand and accept that the budgetary process at the board level is primarily a political process. Use education and persuasion and avoid reliance on the adversary model.

The budgetary process really involves a timeline and identified decision sets. It basically is concerned with three questions: how much should be spent on education? How should the funds be raised? How should the funds be disbursed? The Vancouver process, if we consider the fiscal 1976 budget which is actually the calendar year in British Columbia, begins in March, April and May of 1975 at the district and the school level when forecasts and annual requsitions are prepared. During June, July, August and September of 1975 working budget papers are prepared. By November 15 each school district must submit provisional 1976 budgets to the Department of Education in Victoria. By December 1 the Department of Education advises school districts what the basic education program is and their preliminary estimate of the basic property tax levy. On February 15, 1976 the school districts must submit a firm budget to Victoria for calendar 1976. By April 20, Victoria advises re the grants from the provincial level and calculates what the local share of the basic program will be. On May 1, the board finally adopts the budget and levies the tax rate. Each activity offers opportunities for involvement and persuasion.

At the local level, there are involvements which the teacher may initiate: those that go through the school level -- teacher, principal, officials, eventually to the board; the collegial route -- teacher, staff council, principal, officials, board; the professional specialists route -- teacher, board coordinator, officials and board; the parental involvement route -- teacher, parents, sometimes to officials but ending up with the board; and finally the local association route -- teacher, association, sometimes officials but usually directly to the board. In other words, the teacher has five different ways of initiating budgetary influence.

Local associations have opportunities to initiate budgetary influence as well. In Vancouver each local has a representative on the board budget committee. They also have representatives on various other kinds of budgetary committees. For example, there is a coordinator of art education in the city and all the art teachers have an opportunity to submit proposals directly to the art coordinator, who usually has an advisory committee of art teachers to help him in preparing the budget for art education in the city. That is replicated with pretty well every subject specialist area in the city. In addition, local associations have representatives on all five standing committees of the board. They are there as observers at all discussions with the exception of the ones that go into details of personnel. They get all the documents automatically and are encouraged to participate as equal members with the board trustees and with the officials. Locals may also initiate presentations to influence working, preliminary and final budgetary decisions.

At the provincial level, local associations may work with their board to influence Victoria. I believe every year since 1970 I have gone to Victoria with our board in an attempt to persuade the government of the day to improve the basic program for Vancouver. Local associations have the opportunity to influence our Federation which in turn goes to Victoria.

At the national level, our local associations work with our board to influence Ottawa and, of course, we have been most deeply involved because of the rapid increase in immigration into the city in the last few years. So, we have had that kind of involvement, and also the more normal route -- local association to the BCTF, then to CTF and on to Ottawa.

Before becoming involved, there are certain things to be done in preparation for activity:

1. Increase the awareness of teachers, administrators, association leaders of the need to become involved. Too many teachers look at budgeting and finance as a third party responsibility.

2. Seek the awareness of need for a united, multi-faceted pursuit of commonly agreed upon goals. Have an idea of where you want to go and then everybody can push in the same direction.

3. Develop a priority descriptor. I thought you might be interested if I just read the little descriptor that we used for the 1976 budget this year:

> "Assuming that an adequate level of support is provided, there undoubtedly still will be a need for judgements to be made as to the propriety and relative merits of competing funding requests. It is hoped that the following brief and simplistic descriptor may be of some value in setting priorities. The descriptor is not to be construed as suggesting that those items of second and third priority are not important. It simply suggests that in times of budgetary difficulties, items of first priority should receive the greatest emphasis and should be the last to be cut, while those of third priority should receive less emphasis and should be the first to be cut, if cuts are necessary. The first priority is the learning situation. The classroom -- provision of an adequate student-teacher ratio, including substitute service availability, essential supplies and equipment for use in the classroom, essential operating services at the school level. The second priority -- catch-up of all maintenance programs at the school level, district operating and support services, that is, business administration, operations and maintenance, education supervision, standard classroom supplies and equipment, district services, planning and evaluation. The third priority -- desirable classroom supplies and equipment, services to teachers -- consultative, co-ordinative, professional improvement, innovation program support and curriculum development, special services to parents and students and lastly community programs and activities."

That descriptor was worked out by the budget review committee which is representative of all four Vancouver associations and is the basic thrust for work for the 1976 budget.

4. Another preparation that must be undertaken is to foster close relationships with the Secretary-Treasurer by being sincere, positive, responsible, trustworthy and reliable. I have been involved in teacher affairs in Vancouver for 20 years now and with two secretary-treasurers during that period we have had excellent relationships, a surprising degree of openness. As a matter of fact, a fair amount of the ammunition that the Federation gets to use in its discussions with Victoria emanates from the Vancouver board.

5. Identify areas of agreement and develop goals. For example, what are the indicators of adequacy of fiscal support at the local level, at the provincial level, at the national level?

How can you make judgements whether your local taxpayers are providing adequately? You have got to develop indicators. Are there inadequately tapped revenue sources? What are the inappropriate expenditures? You have two ways, I think, of solving budgetary problems. One is to increase the revenue, the other way is to get rid of some of the inappropriate expenditures. Are priorities adequately reflected in the expenditure patterns? Are there any evolving trends which require consideration? If you keep an eye on evolving trends then sometimes you can eliminate some of these inappropriate expenditures before they become too well established.

6. Seek strong, articulate, responsible, diligent, well-respected members as committee representatives and prepare and make presentations at important decision sets. Your budgetary review people or the ones who participate in the budget should be more than likely your most experienced local association members. Don't put beginning people on it.

7. Avoid use of the adversary model. Instead, work at identifying, developing, encouraging, supporting and equipping the more positive and responsive decision-makers. Work in harmony with officials as much as possible at preparatory stages. Be patient and develop a sense of perspective. Trying to influence budgeting is a frustrating thing. You are not going to do it in one, two or three years; it takes quite a long period of time but I have been involved in Vancouver since 1967 and I get very frustrated each year and think we are going nowhere fast but then you sit down and look at it and you see that, yes, you have made some progress.

8. Be willing to examine the myths of "the overburdened local taxpayer", of "unreasonably increasing educational costs", that "elementary and secondary school budgets should provide for a wide variety of related but basically non-educational services". Now, to me that last statement is one of the major myths to be overcome through teacher involvement.

9. Be willing to oppose diversion of funds raised for elementary and secondary schools to other good and popular purposes.

QUESTIONS AND DISCUSSION FOLLOWING

NORMAN ORNES
British Columbia Teachers' Federation

B. Watson, British Columbia

It might be useful for the group to have a little background from you on how you reached this position. You might indicate some of the things the associations had to do in order to get to the point where you are now.

N. Ornes

Historically, in British Columbia ratepayer assent was necessary for capital programs and historically the Vancouver School Board had prided itself on never losing a capital referendum. Part of the reason for not losing capital referenda is the amount of preparation. Basically, it involved joint presentations by teachers, professional groups, P.D.A's as well as the school boards. I think that laid the ground work for the work on the operating budget level as well. Now, what really precipitated it was our movement from a finance formula, which is basically like that of New Brunswick, into one with a great deal of local responsibility in 1968. It was the old idea that those boards with above average expenditures should be frozen at a certain level for three years until the below average people catch up. The Vancouver Board was frozen; indeed, even after we caught up we were still too high and faced quite a large budgetary cut. As a result of efforts by the teachers at that time we reviewed the whole area of proper priority of budget cuts and considered a referendum for operating purposes and so on. It was mainly because of this that we became established in the involvement of the budgetary process.

Dr. C. Hyman, Alberta

Teacher representation on a board budgeting committee is, I would imagine, rather overwhelming in terms of most of teacher experience. The kind of circumstances you describe seem to indicate that you were needed in a time of emergency. There was an extremely tight situation in B.C., in 1967 or 1968 or whenever it was brought in, and the board was prepared to hear what teachers had to say about budgeting. It also appears that the process described in determining the budget, together with Victoria, is really a negotiating process. The provincial government has a lot to say about allowable amounts during the course of this budget preparation, whereas in other provinces it is predetermined. In other provinces there is a formula; it is unnecessary to submit a budget to the provincial government simply because allocations have been planned and it remains only to distribute it. The question of having teacher representation in the inner circle of budget preparation is still a debatable point. Does it come as a result of

concerted teacher action to have that representation and because of the willingness or in light of management policies of boards or is it a reaction to the external situation in terms of how the province is funding education in any particular time? How do you perceive that kind of thing? Do you really believe that the situation of Vancouver, having people on budget committees, was a genuine result of a positive thrust by the teachers in B.C. or were there other kinds of circumstances that dictated teachers were necessary in that kind of a process?

N. Ornes

Remembering the troubles of 1968 I may have been a bit too generous in my comments about the board itself. I think the board arrived at that conclusion as a result of a great deal of pressure, indeed threats would be a good word, from the teacher associations. Because of the great political pressure they were under, the board went along with the idea. Under the system prior to 1968, the provincial government laid down the expenditure per teacher which they were prepared to approve. Through negotiations with their own teachers, boards arrived at the actual salaries paid to teachers. The provincial scale very quickly became out-of-step with reality. In that kind of situation there was an ideal opportunity for teacher associations and boards to come together with ratepayer associations and bring a great deal of pressure to bear on the provincial government. I think it was because of that kind of partnership and pressure that the provincial government moved towards the kind of formula we have now, thereby transferring all the political pressure from Victoria back onto the local boards. It was a very astute political move.

T. Gaskell, Nova Scotia

With the two changes in governments and theoretical changes in political philosophies, perhaps even in relation to education, have you noticed any change? Have you had to go back and retrace steps in the bargaining process?

N. Ornes

I don't think so. Most of us were disappointed with the level of support from the NDP Government. We had anticipated better support. I think the NDP Government certainly did some things that improved board budgeting, but I think in terms of support at the provincial level it wasn't as great as we thought it would be. It is too early to tell with the new government, but most of us are reasonably pessimistic knowing the players in the game.

T. Gaskell, Nova Scotia

Would you explain again those priorities from the descriptor very quickly, I would be interested in those.

N. Ornes

The first priority was the learning situation. We tried to focus on those things that happen in the classroom. There were three parts to it, the classroom -- particularly the provision of an adequate student-teacher ratio, including substitute service availability. The second part of that was essential supplies and equipment for use in the classroom. The third thing was essential operating services at the school level. Essential operating services at the school level did not include the administration. The second priority was a catch-up of all maintenance programs at the school level. Now, our maintenance is in pretty sad shape in Vancouver. This involves district operating and support services, that is, business administration, operations and maintenance, educational supervision, standard classroom supplies and equipment, and lastly, district services which would include planning and evaluation. The third priority was desirable classroom supplies and equipment and services to teachers. This would include consultative coordinative and professional improvement services, innovative programing, curriculum development, special services to parents and students and lastly community programs and activities. It is a homemade thing, but we thought it was important to develop something like this because unless there is some device for coordinating it, teachers begin to find themselves working in opposition to one another.

A. Murray, Ontario

You mentioned special services to parents and students. Does that mean special education per se or things other than that?

N. Ornes

This covers psychosomatic service, an assessment of students, parent effectiveness training programs, home and school coordinators, those kinds of goodies.

B. O'Driscoll, Newfoundland

You put a lot of emphasis on influence and persuasion. Have you ever used the confrontation mode and, if so, has it subsequently affected the ability to use persuasion later on?

N. Ornes

To me, persuasion is a continuum all the way from quiet talks over a coffee break at a board meeting to pulling the troops out. I guess the closest we got to confrontation was this year, in which three of the redneck members of the board have been pushing very aggressively for about a $3 million cutout of a "bare bones" budget of about $90 million, and had influenced others on the board. The associations sent out letters to all our school consultative committees, which are the equivalent of Quebec's school councils, concerning the pending budget cut and asked them to get in touch with the liaison trustees and the officials

and the superintendent of schools to indicate their views with respect to the proposed cuts. The cuts did not take place. The associations, were prepared to make quite a stand on it but fortunately the trustees backed down.

K. Gilliss, New Brunswick

When I was talking about provincial averages or average per pupil costs, I should have explained that capital costs will all still be lodged with the provincial government. I don't know if I made that clear or not. I was talking about the operating budget at the local level. Transportation costs will be kept there. The difficulty is that, in reaching their provincial mean to determine equity, it is difficult to know what is included in those figures. One particular board which is in a "catch-up" position will, as a result of its budget as far as we can determine, be unable to maintain the services it offered last year even though it is getting special treatment under our new formula.

R. Gordon, Manitoba

In those provincial averages, are those weighted students or is it just differentials?

K. Gilliss, New Brunswick

No, there is a weighting of 1.0 for an elementary student, 1.3 for a junior high student and 1.5 for a secondary student. Then there are other factors too; bilingual districts will get special consideration in second language programs and so on. One of our boards has suggested that it may have to cut out second language programs, which is a smart political move because our government is committed to the development of second language and bilingual programs. If the boards decide to reduce the number of teachers and enlarge classes and so on, that may have very little political ripple, but if, for example, they decide to cut out something that is going to upset a substantial part of the population then the government may, in fact, be put on the hot seat where it belongs.

APPENDIX I

TRANSFERABILITY BETWEEN ACCOUNTS

Documentation Presented to Conference by Susyn Borer

TRANSFERABILITY BETWEEN ACCOUNTS

4.16 (a) At the first meeting of the school council in September, the competent authority shall provide the school council with an explanation of the extent of transferability between accounts available and of the nature of the purchases which can be made under the following accounts, together with an explanation of the methods of purchasing through the use of the Board's annual requisitioning system, purchase orders and cash authorizations.

IDENTIFICATION OF ACCOUNTS

Account Number		
Elementary	High	Description
5013		Elementary Teaching Materials Grade I - Secondary I
	5054	Interest Courses - Teaching Materials Secondary II - V
5201		Library Grants (Kdg. - Gr. VI)
	5203	Library Grants (Sec. I - Sec. V)
	5052	Resource Centres - Teaching Materials Sec. II - Sec. V
	5224	Resource Centres - Supplies, Articles
	5226	Resource Centres - Records, Tapes
	5228	Resource Centres - Films, Slides
5020		Instructional Supplies & Expenses (Gr. I - VI)
	5030	Instructional Supplies & Expenses (Sec. I - V)
	5031	Technical/Vocational
	5032	Nursing Assistants
5021		Home Economics
	5033	Home Economics

IDENTIFICATION OF ACCOUNTS (cont'd)

Account Number		
Elementary	High	Description
5022		Industrial Arts and Home & Industry
	5034	Industrial Arts and Technical Drawing
5023		Music
	5035	Music
5012		Kindergarten Supplies
	5036	Sciences
5014	5016	Special Education (exclusive of EMR)
5024		Special Education (EMR only)
	5037	Special Education (EMR only)
5004	5006	Textbooks
5200		Field Trips

4.16 (b) During the month of October, the competent authority shall inform the school council of the global (school) and the specific (per capita) allotment budgetary amounts available for all the above-named accounts as well as the actual amount spent in these accounts the previous school year.

(c) During the month of December, the competent authority shall inform the school council of the budgetary amount allocated to the school for educational equipment (including audio-visual equipment, gym equipment and classroom furniture), together with the actual amount spent in these particular accounts during the previous school year.

(d) The competent authority shall inform the school council of the balances remaining in these accounts at least twice during the remainder of the year. He shall also inform the school council of the approximate amounts in these budgets available for the following year no later than April thirtieth (30th).

APPENDIX II

SUMMARY OF EVALUATION SHEETS

Summary of Evaluation Sheets
Seminar on the Budgetary Process Under Pressure
Skyline Hotel, Ottawa
March 1 and 2, 1976

Physical Arrangements

Out of 18 responses, evaluations of physical arrangements were as follows:

Excellent -- 1
Very Good -- 2
Good -- 8
Satisfactory -- 3
No Comment -- 4.

One participant stated a preference for the small discussion groups rather than plenary sessions. Another commented favourably on the convenience of holding the Conference in a hotel and a third expressed a desire for group dining.

Seminar Content

Comments were positive, e.g. "interesting", "useful", "valuable", etc., and several participants commented that the timing was appropriate, the topic was current and that teachers should be better informed on this subject.

Speakers

Several participants commented favourably on the presenters. One participant remarked on the value of being able to question the speakers on related topics.

Panelists

"Interesting" and "practical" were typical comments. Several participants expressed a desire for more practical information and requested strategy for teacher organizations attempting to influence the budgetary process, practical suggestions by someone politically involved on school boards and at the provincial or federal levels of government, based on their experience.

Group Discussions

Mixed views. Two or three participants thought them productive. A few felt that a chairman or "key person" leading the discussion would ensure the subject is covered. One person described the group discussions as "pooled ignorance". Another suggested having more speakers rather than discussion groups.

Beefs (each appeared once only)

1. "Too much time spent discussing Ontario and Quebec."
2. "Dislike speeches that are read."
3. "Too theoretical."
4. "Announcements of the conference should make it clear where the conference is being held."

Suggested Topics for Future Consideration

Topics suggested for future consideration were mainly concerned with the education budget and practical ways in which teacher organizations might be able to influence decisions concerning educational spending.

A. Political Involvement or Approach

1. The politics of educational finance: How to get our hand deeper into the pot; what can CTF do to help?
2. Political strategies for influencing educational spending.
3. A political approach to education finance. Invite a Minister of Education to speak on the topic.
4. Financial equity vs. political expediency.
5. How to increase federal involvement in financing education at the elementary-secondary level.
6. Federal input in financing education.
7. Political action, campaigns, processes for influencing the amount of resources for education at local and provincial levels.
8. Political involvement of teacher organizations.
9. Strategies which are proving successful in countering provincial government activities.
10. Help teachers be informed to counter anti-education trends of the public.
11. How to educate teacher-locals in preparation for influencing school board budgeting.

B. Comparative Studies or Information

1. A study by province of the proportion of budgets allocated to specific functions; instruction, capital expenses, busing, special education, administration, support services, etc.
2. Status of education finance changes, by province, on an on-going basis.
3. Obtain a good comparative system for comparing provinces in their efforts to finance education.
4. List the factors considered, by province, to determine the educational budget.
5. Explain administrative and budgetary rules as applied to school boards in provincial budgetary directives. How are they determined and who is involved?

C. Financing Education

1. Trends, priorities and future directions in sources of revenue.
2. Cost of administration vs. the cost of teaching.
3. Alternatives to education finance -- collective bargaining.
4. What is wrong with federal funding of elementary-secondary education?
5. The need to oppose non-educational items (busing, recreation, health and welfare costs).
6. The economics of busing; the economics of large and small high schools.

D. Taxation

A study of potential tax possibilities and their implications.

Suggestions for Conferences etc.

1. Invite resource people who are representatives of the public and political sector.
2. Special interest conferences needed.
3. Hold a conference every two years for a national review of education finance.

Opposing Views

1. CTF should continue committee meetings.
2. CTF should disband the Committee or set up one re Teacher Welfare in general.

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January 31, 1977.
/lmcc